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April 2, 2019

jpriest@vicad.com
Jessica Priest
Victoria Advocate

Re: March 26, 2019 Texas Public Information Act Requests

Ms. Priest:

By email dated March 26, 2019, you provided a letter requesting copies of “[a] the original contract between the Calhoun Port Authority and Calhoun LNG approved by the board; [b] the renegotiated contract between the Calhoun Port Authority and Calhoun LNG approved by the board; and [c] minutes from meetings at which the contract between the Calhoun Port Authority and Calhoun LNG were discussed by the board.”

The information responsive to this request is attached.

Sincerely,

Bill Cobb

GROUND LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is entered as of MAY 11, 2007 (the "Effective Date") between the CALHOUN COUNTY NAVIGATION DISTRICT, a body politic and a governmental subdivision of the State of Texas (hereinafter referred to as "District", and CALHOUN LNG, L.P., a Delaware limited partnership (hereinafter referred to as "LNG"), which is a subsidiary of GULF COAST LNG PARTNERS, L.P., a Delaware limited partnership (hereinafter referred to as "Gulf Coast").

RECITALS

WHEREAS, on MAY 11, 2007 District entered an Order authorizing the lease of approximately 70.71 acres of District property depicted in Exhibit "A" and more particularly described on Exhibit "A-1", which Exhibits are hereby made a part hereof for any and all purposes (the "Leased Premises"). The Order of the District also set forth the terms and conditions of the Lease Agreement between District and LNG.

WHEREAS, District, the Calhoun County Navigation Industrial Development Authority (the "Corporation") and Gulf Coast entered into that certain Interim Financing Agreement dated as of October 1, 2004 (the "Financing Agreement").

WHEREAS, District and LNG desire to enter into this Lease to provide for the development, construction, operation and financing of the LNG Facility.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

AGREEMENTS

In consideration of the mutual agreements herein set forth, District and LNG agree as follows:

Article 1. Definitions. As used in this Lease, the following terms (in addition to the terms defined elsewhere herein), and whether singular or plural thereof, shall have the following meanings when used herein with initial capital letters:

"Additional Land" shall have the meaning given such term in Section 2.01.

"Award" shall mean any payment or other compensation received or receivable from or on behalf of any governmental authority or any person or entity vested with the power of eminent domain for or as a consequence of any Taking.

"Business Day" shall mean a day other than Saturday, Sunday or legal holiday recognized in District's Tariffs.

"Change in Control" shall have the meaning given such term in Section 8.01.

“Commencement of Commercial Operations” shall mean the date identified as the Commercial Operations Date in any Terminal Use Agreement for use of the LNG Facility that is in place at the time of the Commencement of Construction.

“Commencement of Construction” shall mean the date on which the full and final notice to proceed with construction shall have been given to the contractor pursuant to the Engineering, Procurement and Construction contract to be entered into between LNG and the contractor to be engaged to design and construct the LNG Facility.

“Construction Term” shall have the meaning given such term in Section 3.02.

“District” shall mean the Calhoun County Navigation District, the body politic and governmental subdivision identified in the opening recital of this Lease, and its successors and assigns and subsequent owners of the Leased Premises.

“District’s Tariffs” shall mean the rates, rules, regulations, policies and tariffs issued, adopted, amended and reissued by District from time to time (including, without limitation, Tariff No. 003).

“Dock” shall mean the docks and slips to be constructed in the location depicted on Exhibit “B” attached hereto pursuant to the terms hereof.

“Dock Easement” shall have the meaning set forth in Section 2.02(a) hereof.

“Easement Area” shall have the meaning set forth in Section 2.02(a) hereof.

“Event of Default” shall have the meaning set forth in Section 15.01 hereof.

“Force Majeure” shall mean:

- (a) acts of God, landslides, lightning, earthquakes, hurricanes, tornadoes, blizzards and other adverse and inclement weather, fires, explosions, floods, acts of a public enemy, wars, blockades, insurrections, riots or civil disturbances;
- (b) labor disputes, strikes, work slowdowns, or work stoppages;
- (c) orders or judgments of any federal, state or local court, administrative agency or governmental body, if not the result of willful or negligent action of the party relying thereon;
- (d) power failure and outages affecting the Leased Premises; and
- (e) closure of the Port Facilities or inability to access the Dock or the remainder of the Leased Premises provided that the foregoing is beyond the reasonable control of the party claiming Force Majeure.

“Hardship Notice” shall have the meaning set forth in Section 4.07 hereof.

“Hazardous Materials” shall have the meaning ascribed to it in Section 4.03 hereof.

“Impositions” shall mean (a) all real estate, personal property, rental, water, sewer, transit, use, occupancy and other taxes, assessments, charges, excises and levies which are imposed upon or with respect to (1) the Leased Premises or any portion thereof, or the sidewalks, streets or alley ways adjacent thereto, or the ownership, use, occupancy or enjoyment thereof or (2) this Lease and the Rent payable hereunder; and (b) all charges for any easement, license, permit or agreement maintained for the benefit of the Leased Premises (other than the Dock, Dock Easement and Right-of-Ways).

“Improvements” shall mean all improvements constructed on the Leased Premises and the Dock Easement during the term of this Lease.

“Land Rent” shall mean the annual Land Rent, Through-Put Cargo Rental and all other amounts provided for under this Lease to be paid by LNG, whether as additional Rent or otherwise.

“Leased Premises” shall have the meaning given such term in the Recitals hereto.

“Legal Requirements” shall mean any and all (a) judicial decisions, orders, injunctions, writs, statutes, rulings, rules, regulations, promulgations, directives, permits, certificates or ordinances of any governmental authority in any way applicable to LNG or the Leased Premises, including zoning, environmental and utility conservation matters, (b) District’s Tariffs, (c) insurance requirements and (d) other documents, instruments or agreements (written or oral) relating to the Leased Premises or to which the Leased Premises may be bound or encumbered.

“LNG Facility” shall mean the LNG Facility (including but not limited to the Dock) to be constructed on the Leased Premises.

“Minimum Through-Put” shall have the meaning given such term in Section 5.02.

“Partial Taking” shall mean any Taking of less than all of the Leased Premises such that the portion remaining can, in LNG’s good faith judgment reasonably exercised, be restored to an economically viable operation.

“Permitted Mortgage” shall have the meaning given such term in Section 8.03.

“Permitted Mortgagee” shall have the meaning given such term in Section 8.03.

“Permitted Use” shall mean the operation and development of an LNG receiving, berthing, storage, transfer, separation and regassification facility and ancillary uses reasonably related thereto.

“Permitted Transfer” shall have the meaning given such term in Section 8.01.

“Permitted Violations” shall have the meaning given such term in Section 17.06.

"Port Facilities" shall mean all channels, waterways, docks, slips and other facilities and improvements owned, operated or controlled by District (other than the LNG Facility) which are necessary for access to, or the use and operation of, the LNG Facility as contemplated hereunder.

"Pre-Construction Term" shall have the meaning given such term in Section 3.01.

"Primary Term" shall have the meaning given such term in Section 3.03.

"Primary Term Commencement Date" shall mean the date which is the earlier to occur of (a) the date of Commencement of Commercial Operations or (b) December 1, 2014, subject to extension for Force Majeure as herein provided.

"Renewal Terms" shall have the meaning given such term in Section 3.04.

"Rent" shall mean Land Rent, Through-Put Cargo Rental and any other tariffs or other amounts payable hereunder.

"Right-of-Ways" shall mean right-of-ways and easements, defined and granted in separate instruments to be entered into following the Effective Date, as generally depicted on Exhibit "C" attached hereto.

"Taking" shall mean the taking, damaging or destroying of all or any portion of the Leased Premises as a result of the exercise of the power of eminent domain or condemnation for public or quasi-public use or the sale or conveyance of any of the Leased Premises under the threat of condemnation.

"Taking Date" shall mean with respect to any Taking, the date on which possession of any of the Leased Premises subject to such Taking is transferred or any of the Leased Premises is damaged or destroyed in connection with such Taking.

"Term" means the Pre-Construction Term, the Construction Term, the Primary Term and any Renewal Terms, as applicable.

"Terminal Use Agreement" shall have the meaning given such term in Section 8.01.

"Through-Put" shall mean product transferred across District's docks.

"Through-Put Cargo Rental" shall mean the District's wharfage fees set on product transferred across District's docks by LNG.

"Through-Put Deficiency" shall have the meaning given such term in Section 5.02.

"Total Taking" shall mean any Taking of all or substantially all of the Leased Premises, or of so much of the Leased Premises that the portion remaining cannot, in LNG's reasonable business judgment, be restored to an economically viable operation.

"Transfer" shall have the meaning given such term in Section 8.01.

Article 2. Leased Premises.

efforts to extend the District's boundaries to include certain land (the "**Additional Land**") containing approximately 36 acres depicted on Exhibit "A-2" hereto and made a part hereof for any and all purposes together with such additional land adjacent thereto that may be created and located to the South of the approximately 70.71 acre parcel to provide for a total Leased Land of up to 141.5 acres in the aggregate. Upon such extension of the District's boundaries, District shall provide written notice to LNG of such fact, and LNG shall have the first right and option to add the Additional Land to the Leased Premises by giving written notice to District at any time following receipt of such notice; provided, however, that in the event District intends to lease the Additional Land to a third party, District shall give written notice thereof to LNG and LNG shall have a period of thirty (30) days to exercise its rights to add the Additional Land to the Leased Premises. In the event the Additional Land is added to the Leased Premises, Land Rent payable for the lease of the Additional Land shall be the same amount per acre payable for the 70.71 acres. To evidence the addition of the Additional Land to the Leased Premises, the parties shall enter into an amendment to this Lease. Any Additional Land leased to LNG shall be AS IS, WITH ALL FAULTS, IF ANY, AND WITHOUT ANY WARRANTY WHATSOEVER, EXPRESS OR IMPLIED regarding the condition of the Additional Land.

Both parties acknowledge that District shall have the right to use certain portions of the Leased Premises to be mutually approved by District and LNG in writing provided that such use does not materially interfere with LNG's use and enjoyment of the rights and privileges granted herein, including, but not limited to, LNG's Permitted Use thereof.

Section 2.02. Right-of-Ways.

- (a) **Dock Easement.** District hereby grants to LNG during the term of this Lease (i) an exclusive easement over the approximately 9 acres of land depicted on Exhibit "B" attached hereto and made a part hereof for any and all purposes (the "**Easement Area**") and (ii) a non-exclusive easement over the Dock for the construction, operation, use, and maintenance of the dock and for access, ingress and egress, by any means between the Dock and the LNG Facility (collectively, the "**Dock Easement**"). Except for the non-exclusive nature of the grant of the easement with respect to the Dock or as otherwise expressly provided herein, the Dock and the Easement Area and the Right-of-Ways shall be considered part of the Leased Premises for all purposes hereunder. No additional Land Rent or Impositions shall be payable with respect to the Dock or Dock Easement.
- (b) **Additional Right-of-Ways.** Both parties acknowledge that it will be necessary to execute nonexclusive right-of-ways and/or easements for the benefit of LNG for utilities, pipelines and other purposes related to the LNG Facilities. Both parties agree to execute these documents in a prompt manner. Without limiting the generality of the foregoing, the parties agree that Right-of-Ways shall be granted over the areas depicted on Exhibit "C" attached hereto and made a part hereof for

any and all purposes. No additional Land Rent or Impositions shall be payable with respect to the Right-of-Ways other than the prevailing charges imposed by District for pipe racks.

- (c) **Priority of LNG; Restrictions on Use.** Notwithstanding the non-exclusive nature of such easement or right-of-ways, use of the Dock and other Right-of-Ways by LNG and/or users of the LNG Facility shall have absolute preference over the use thereof by third parties and any such use of the Dock and other Right-of-Ways by third parties shall be subject to any and all restrictions and requirements imposed by applicable governmental authorities, including the Federal Energy Regulatory Commission and the Coast Guard, in connection with the use, construction, maintenance, repair, replacement and operation of the Dock, the Easement Area and other Right-of-Ways as part of the LNG Facility.

Section 2.03. Financing Agreement Remains in Effect. So long as this Lease remains in effect, the provisions of this Lease shall constitute the lease contemplated by Section 4.03 of the Financing Agreement; provided that District and LNG agree that the provisions of Section 4.03(f) of the Financing Agreement limiting the lease term to twenty (20) years shall not apply. In the event LNG exercises its right to terminate this Lease as set forth in Section 3.01 below, then (a) if LNG notifies District of such fact in LNG's notice of termination pursuant to Section 3.01, the provisions of Section 4.03 of the Financing Agreement shall be reinstated and (b) if LNG fails to notify District of the reinstatement of Section 4.03 of the Financing Agreement, then Section 4.03 of the Financing Agreement shall not be reinstated. Except as provided in the preceding sentence, the Financing Agreement remains in full force and effect.

Article 3. Term. The Term shall include the Pre-Commencement Term, the Primary Term and all properly exercised Renewal Terms, as applicable.

Section 3.01. Pre-Construction Term; Termination Right. The "Pre-Construction Term" shall commence on the Effective Date and shall continue until the earlier to occur of (a) Commencement of Construction or (b) December 31, 2010, subject to extension for Force Majeure. At any time during the Pre-Construction Term, LNG shall have the right, in its sole and absolute discretion, to terminate this Lease upon not less than thirty (30) days written notice to District.

Section 3.02. Construction Term. The "Construction Term" shall commence upon the expiration of the Pre-Construction Term and end on the Primary Term Commencement Date.

Section 3.03. Primary Term. The "Primary Term" shall commence on the Primary Term Commencement Date and shall continue until the thirtieth (30th) anniversary of the Effective Date.

Section 3.04. Renewal Terms. To the maximum extent permitted by applicable law then in effect, District shall negotiate in good faith for a new lease on substantially the

same terms and conditions as set forth herein. If permitted under applicable law then in effect, LNG shall have the right and option to extend the Primary Term for four (4) successive five (5) years periods (the "**Renewal Terms**"). In order to extend the Primary Term for the first Renewal Term, LNG must give District written notice of LNG's intent to renew this Lease no less than twelve (12) months prior to the expiration date of the Primary Term. In order to renew this Lease for additional Renewal Terms, LNG must give District written notice of LNG's intent to renew this Lease no less than twelve (12) months prior to the expiration date of the previous Renewal Term. Rent payable during any Renewal Term shall be negotiated in good faith by LNG and District following the receipt of such notice by the District. Provided LNG and District agree upon the fair market Rent to be payable during a Renewal Term (taking into consideration the value of the Improvements constructed by LNG), this Lease shall automatically renew for the applicable Renewal Term. If LNG fails to timely exercise its right to renew this Lease for the first Renewal Term or any subsequent Renewal Term, or if LNG and District are unable to mutually agree upon the Rent to be paid during such Renewal Term, then this Lease and all further renewal rights will terminate as of the end of the Primary Term or the Renewal Term then in effect, as applicable.

Section 3.05. District's Special Termination Right. Notwithstanding any other provision of this Lease to the contrary, so long as no Event of Default by District exists hereunder, if District has approved the plans and specifications for the LNG Facility pursuant to Section 6.03, and Commencement of Construction has not occurred prior to December 31, 2010, as the same may be extended for Force Majeure, District shall have the right to terminate this Lease upon not less than ninety (90) days written notice to LNG, unless during such ninety (90) day period LNG causes Commencement of Construction to occur.

Article 4. Use.

Section 4.01. Permitted Use. LNG shall use the Leased Premises for the development, construction, operation, maintenance and repair of the LNG Facility and for any other lawful use ancillary and reasonably related thereto (the "**Permitted Use**").

Section 4.02. Specifically Prohibited Use. LNG will not (a) use, occupy or permit the use or occupancy of the Leased Premises or use District's other property for any purpose or in any manner which is or may be, directly or indirectly, (1) inconsistent with the requirements of this Lease, (2) violative of any of the Legal Requirements, (3) dangerous to life, health, the environment or property, or a public or private nuisance or (4) disruptive to the activities of any other LNG tenant or occupant of property adjacent to the Leased Premises, (b) commit or permit to remain any waste to the Leased Premises or (c) commit, or permit to be committed, any action or circumstance in or about the Leased Premises which, directly or indirectly, would or might justify any insurance carrier in canceling the insurance policies maintained by LNG on the Leased Premises and Improvements thereon. District hereby confirms to LNG that the use of the Leased Premises for the Permitted Use shall not constitute a prohibited use hereunder so long as the same is conducted in compliance with applicable Legal Requirements.

Section 4.03. Environmental Restrictions. LNG shall not cause or permit any Hazardous Materials to be generated, treated, stored, manufactured, disposed or released on or about the Leased Premises or transferred or transported to the Leased Premises in contravention of any Legal Requirements. Any use of Hazardous Materials by any person on the Leased Premises shall be in strict conformance with all Legal Requirements. The term "**Hazardous Materials**" shall mean any flammables, explosives, radioactive materials, hazardous waste, toxic substances or related materials, including substances defined as "hazardous substances," "hazardous materials," "toxic substances" or "solid wastes" in the comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C.A. Sec. 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C.A. Sec. 1801, et seq.; the Resources Conservation and Recovery Act, 42 U.S.C.A. Sec. 6901, et seq.; the Toxic Substance Control Act, as amended, 15 U.S.C.A. Sec. 2601 et seq.; the Texas Solid Waste Disposal Act, Tex. Rev. Civ. Stat. Ann. Art. 4477-7; or any other Legal Requirement.

In the event persons other than LNG (or persons under LNG's control) cause or permit any Hazardous Materials to be generated, treated, stored, manufactured, disposed or released on the Leased Premises, District shall use commercially reasonable best efforts to ensure that said party remediates such condition.

Section 4.04. Notification of Potential Liability Triggering Event. Within two (2) business days following receipt thereof, LNG shall notify and provide District with all copies of written notices, demands, lawsuits, or other correspondence from any federal, state or local governmental agency or private party including, but not limited to, the following:

- (a) The violation of any federal, state, or local statute or regulation;
- (b) The loss of any operating permit;
- (c) Any enforcement action undertaken by any federal, state or local governmental agency, or any private party;
- (d) The institution of any lawsuit by any governmental entity or any private party; or
- (e) The service of a potentially responsible party demand letter from any private or governmental party.

Section 4.05. Consequences of LNG's Violation of Environmental Legal Requirements. In the event LNG's violation of environmental Legal Requirements expose District to fines or penalties as the owner of the Leased Premises, District may, subject to LNG's right to contest the same as provided in Section 17.06 below, require LNG to immediately pay any fines or penalties levied against District as the owner of the Leased Premises that are attributable, in any way, to the actions of LNG or take any other action District deems appropriate. Nothing in this Lease shall prohibit District from bringing an action to enjoin any violation of this Lease by LNG relating to violations of environmental Legal Requirements.

Section 4.06. INDEMNIFICATION. IT IS EXPRESSLY AGREED AND UNDERSTOOD THAT LNG SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS DISTRICT, ITS EMPLOYEES, AGENTS, OFFICERS, DIRECTORS, AND BOARD MEMBERS, FROM ANY AND ALL CLAIMS, CAUSES OF ACTION, DEMANDS, DAMAGES (INCLUDING WITHOUT LIMITATION REASONABLE LEGAL FEES, COSTS AND EXPENSES), ENFORCEMENT ACTIONS, OR PENALTIES, ARISING OUT OF THE PLACEMENT, TRANSPORTATION, USE, MANUFACTURE, HANDLING, CREATION, STORAGE, TREATMENT, DISCHARGE, OR RELEASE OF ANY HAZARDOUS MATERIALS TO, ON OR FROM THE LEASED PREMISES DURING THE TERM OF THIS LEASE BY LNG, OR LNG'S AGENTS, SERVANTS, EMPLOYEES, CONTRACTORS, SUB-CONTRACTORS OR INVITEES.

Section 4.07. Existing Hazardous Materials. District and LNG agree that LNG shall have no responsibility for any Hazardous Materials located at, on or under the Leased Premises prior to the Effective Date. If, during the Pre-Construction Term or the Construction Term, or upon the addition of any of the Additional Land to the Leased Premises, Hazardous Materials are discovered at, on or under the Leased Premises in quantities requiring remediation under applicable environmental Legal Requirements, then District shall be responsible for remediating or causing the remediation of such Hazardous Materials. Notwithstanding the foregoing, if District determines in its reasonable discretion that the cost of any such remediation would create a financial hardship for District, then District shall give notice (a "Hardship Notice") to LNG as soon as practicable. LNG shall have ninety (90) days following the date of such notice to elect either to (a) terminate this Lease, in which event LNG shall have no liability for such remediation or (b) assume the obligation to remediate such Hazardous Materials to the extent required under applicable environmental Legal Requirements. In the event (x) any Hazardous Materials are determined to be present in, on or under the Leased Premises prior to the Effective Date, (y) District delivers a Hardship Notice and (z) LNG elects alternative (b) set forth above, District shall use its best efforts to pursue any indemnification, contribution or other claims it may have against ALCOA or any other third party in connection with such Hazardous Materials and shall, to the extent of a recovery by District from ALCOA or any third party therefore (i) pay to LNG all recoveries for the cost of remediation, and (ii) reimburse LNG for the amount of any legal fees incurred by LNG in connection therewith (and LNG shall be subrogated to the rights of District to pursue any and all claims against third parties relating to such Hazardous Materials).

Article 5. Rent.

Section 5.01. Land Rent.

- (a) From the Effective Date and continuing through December 31, 2009, LNG shall pay to District the sum of Fifty Thousand Dollars (\$50,000.00) annually as the Land Rent for the Leased Premises.

- (b) Commencing on January 1, 2010 and continuing until the earlier to occur of December 31, 2010 or the Primary Term Commencement Date, LNG shall pay to District the sum of One Hundred Thousand Dollars (\$100,000.00) annually as the Land Rent for the Leased Premises.
- (c) Following the earlier to occur of January 1, 2011 or the Primary Term Commencement Date and thereafter during the Primary Term, LNG shall pay to District the sum of Five Hundred Thousand Dollars (\$500,000.00) annually as the Land Rent for the Leased Premises.
- (d) On January 1 of the calendar year following the fifth (5th) anniversary of the Primary Term Commencement Date and on January 1 following each five year anniversary date thereafter, the annual Land Rent shall increase by three percent (3.0%) of the amount payable during the preceding calendar year.
- (e) Land Rent for the calendar year during which the Effective Date occurs shall be payable on or before the Effective Date. Thereafter, Land Rent (with appropriate prorations for partial months) shall be payable on the first (1st) day of January during each calendar year during the Term.

Section 5.02. Minimum Through-Put. In addition to such Land Rent, the users of the LNG Facility shall pay all Through-Put Cargo Rental applicable under District's prevailing tariff(s) as that Through-Put accrues. Except as otherwise provided herein, following the Primary Term Commencement Date and thereafter during each fiscal year during the term of this Lease, LNG guarantees District a Through-Put of 1,500,000 short tons (the "**Minimum Through-Put**"). In the event the Minimum Through-Put requirements for any fiscal year are not met, District shall invoice LNG at the current tariff rate for the difference (the "**Through-Put Deficiency**") between (i) the Through-Put Cargo Rental District would have received had the Minimum Through-Put been satisfied and the actual amount of Through-Put Cargo Rental received by District with respect to the LNG Facility. The Through-Put Deficiency, if any, shall be billed by District on an annual fiscal basis following the expiration of the applicable fiscal year and shall be due and payable within thirty (30) days after District provides LNG with a written invoice therefor. All other Through-Put Cargo Rental shall be billed as it accrues. District shall prorate the Minimum Through-Put for the fiscal year in which the LNG Facility goes into operations. Through-Put Cargo Rental shall be applied without duplication (meaning that the same Through-Put Cargo Rental shall not be assessed more than one time for any given product moved through the Dock in any given period).

Section 5.03. Place of Payment. Rental due hereunder shall be paid to District at its address for notice hereunder or to such other person or at such other address in Calhoun County, Texas, as District may from time to time designate in writing. Rent shall be paid in legal tender of the United States of America without notice, demand, abatement, deduction or offset except as herein provided.

Section 5.04. Delinquent Payments. All Rent and other payments required of LNG hereunder which are not paid within ten (10) days following receipt of written notice

from District shall bear interest at the maximum rate allowed by law (or, if there is no maximum rate, at ten percent (10%) per annum) from the date due until the date paid. In no event, however, shall the charges permitted under this Section or elsewhere in this Lease, to the extent any or all of the same are considered to be interest under applicable law, exceed the maximum rate of interest allowable under applicable law.

Section 5.05. Acknowledgment. District hereby acknowledges and confirms that LNG has paid \$4,166.66 per month (equal to \$50,000.00) per year since the date of the Financing Agreement. The parties agree that such amount represents the full amount due and payable pursuant to Section 4.03 of the Financing Agreement notwithstanding anything to the contrary set forth therein.

Article 6. Construction, Ownership and Operation of Improvements.

Section 6.01. Construction. Following the Effective Date, LNG shall use commercially reasonable efforts to obtain all necessary permits and licenses for the construction and operation of the LNG Facility and to prepare or cause to be prepared plans and specifications for the construction of the LNG Facility. Subject to Force Majeure, and to LNG's and District's rights to terminate this Lease as herein provided, LNG shall use commercially reasonable efforts to cause Commencement of Construction to occur on or before December 31, 2010. Subject to Force Majeure, LNG shall use commercially reasonable efforts to cause Commencement of Commercial Operations to occur on or before November 30, 2014.

Section 6.02. Title to Improvements. During the Term of the Lease, title to all Improvements, fixtures and equipment constructed or located on the Leased Premises by LNG shall be vested in LNG. Upon the expiration or sooner termination of this Lease, LNG shall remove all of its improvements upon the expiration or earlier termination of the Lease and LNG shall repair all damage to the premises caused by such removal at LNG's cost, expense and liability. If LNG fails to remove its improvements within one hundred eighty (180) days of the expiration or earlier termination of the Primary Term, as the same may be extended by any Renewal Terms, then, at District's election, (1) LNG's rights, title and interest in and to such improvements shall be vested in District without the necessity of executing any conveyance instruments or (2) District shall be entitled to remove and store such improvements at LNG's cost, expense and liability; provided that if District elects alternative (2) and LNG fails to pay such cost or expense in connection with the removal or storage of such improvements within one hundred twenty (120) days following written notice from District, then District may elect alternative (1). The exercise of either of these options shall not relieve LNG for any deficiency should the cost of removal be greater than the proceeds of the sale of the improvements. To the extent permitted by law and notwithstanding any other terms hereof, the District and LNG may agree in writing that LNG's improvements may be abandoned in place and not removed by LNG after the termination of this Lease. It is understood and agreed by both parties to this contract that District is the approving authority as to the removal or non-removal of property from the Leased Premises, and the decision of the authority shall govern but shall not be exercised in an unreasonable manner. In the event LNG removes

the LNG Facility it shall restore the land to its original condition or to a condition reasonably acceptable to the District.

Section 6.03. Plans and Specifications. Prior to Commencement of Construction, LNG shall submit to District LNG's initial plans and specifications for the Improvements for written approval by District, which approval shall not be unreasonably withheld, conditioned or delayed. Following receipt of approval, or deemed approval as provided below, of such plans and specifications, and receipt of all necessary permits and licenses, LNG shall construct the Improvements substantially in accordance with plans and specifications approved by District. Copies of all change orders shall be provided to District; provided, however, that only change orders to such plans and specifications the cost of which exceeds One Million Dollars (\$1,000,000) and which are not otherwise required by any Legal Requirement must be approved by District in advance, which approval shall not be unreasonably withheld, conditioned or delayed. District shall have a period of thirty (30) days following receipt of the initial plans and specifications thereof to approve or disapprove LNG's plans and specifications and District shall have ten (10) days following receipt of proposed change orders to the approved plans and specifications to approve or disapprove such change order. In the event of any disapproval, District shall provide specific reasons for disapproval as well as indicate the changes required to obtain approval. Failure of the District to respond within such thirty (30) day period or ten (10) day period, as applicable, shall constitute approval of LNG's plans and specifications and/or change orders thereto.

Section 6.04. Confidentiality of Plans and Specifications. To the extent allowed by law, District will (a) treat all plans and specifications as privileged and confidential materials, as applicable to "Critical Energy Infrastructure" projects under federal law, (b) maintain such plans and specifications in a non-public file, exempt from public disclosure and (c) not disclose such plans and specifications to third parties without the written consent of LNG (unless such disclosure is required by law or in connection with litigation relating to this Lease).

Section 6.05. Permits. LNG will use good faith efforts to obtain and maintain in effect at all times during the Term all permits, licenses and consents required or necessary for the construction, installation, maintenance, use and operation of the Improvements and LNG's use and occupancy of and operations at the Leased Premises. Commencement of Construction may not commence and no operations shall be permitted unless all applicable permits, licenses and consents are obtained and remain in effect.

Section 6.06. Alterations & Improvements After Initial Construction. After the Improvements set forth above have been completed, LNG will not make, or permit to be made, any alterations, improvements or additions to, or install, or permit to be installed, any fixture or equipment in or on the Leased Premises which would cause the Leased Premises not to comply with applicable Legal Requirements. All improvements made, placed, or constructed on the Leased Premises by LNG shall be maintained at the sole cost and expense of LNG. LNG shall construct and install its improvements in a good and workmanlike manner.

Section 6.07. Condition of Leased Premises. LNG acknowledges that it has independently and personally inspected the Leased Premises and that it has entered into this Lease based upon such examination and inspection. Except as expressly set forth herein, LNG accepts the Leased Premises in its present condition, "**AS IS, WITH ALL FAULTS, IF ANY, AND WITHOUT ANY WARRANTY WHATSOEVER, EXPRESS OR IMPLIED,**" other than the warranty of quiet enjoyment; specifically, without limiting the generality of the foregoing, without any warranty of (a) the nature or quality of any construction, structural design or engineering of any Improvements currently located at or constituting a portion of the Leased Premises, (b) the quality of the labor and materials included in any such Improvements, or (c) the soil and environmental conditions existing at the Leased Premises and the suitability of the Leased Premises for any particular purpose or developmental potential. Except as set forth in Section 4.06, District shall not be required to make any Improvements to the Leased Premises or to repair any damages to the Leased Premises unless caused by the acts or omissions of District.

Section 6.08. Repair and Maintenance. LNG shall maintain the Leased Premises at all times during the Term in a good, clean, safe, operable and well-kept condition, and will not commit or allow to remain any waste or damage to any portion of the Leased Premises. Without limiting the generality of the foregoing, subject to Force Majeure and to delays caused by casualty or condemnation, LNG shall keep the LNG Facility in such a condition as will permit product to be received and/or transported by or through the LNG Facility upon such advance notice as may be required under any Terminal Use Agreement entered into by LNG with its customers.

Section 6.09. Laborers and Mechanics. LNG shall pay for all labor and services performed for, materials used by or furnished to LNG, or used by or furnished to any contractor employed by LNG with respect to the Leased Premises and hold District and the Leased Premises harmless and free from any such liens, claims, encumbrances or judgments created or suffered by LNG. In the event any mechanics' or materialmen's liens are filed against District's fee title to the Leased Premises, then LNG shall at LNG's expense cause the same to be released or removed of record (by payment of the claim, filing the necessary bond or otherwise) as soon as practicable following notice by District to LNG of the existence thereof.

Section 6.10. Operation by District. At all times during the Term of this Lease, District shall continuously operate or cause to be operated the Port Facilities and shall maintain all Port Facilities (other than the LNG Facility) in good condition and repair, subject to Force Majeure and to delays caused by casualty or condemnation. District shall use commercially reasonable efforts to re-commence operations of the Port Facilities as soon as possible following the occurrence of any cessation of operations. In the event LNG or its customers are prevented from receiving deliveries or transporting product to or from the LNG Facility or any material portion thereof as a result of any whole or partial shutdown or closure of the Port Facilities which is not caused by LNG or its customers or persons within the control of LNG or its customers, Rent, including Land Rent and Minimum Through-Put requirements shall equitably abate from the date of such shutdown or closure of the Port Facilities until the date the Port Facilities are reopened.

Article 7. Impositions. During the Term, LNG shall pay or cause to be paid as and when the same shall become due, all Impositions. Impositions that are payable by LNG for the tax year in which Commencement Date occurs as well as during the year in which the Term ends shall be apportioned so that LNG shall pay its proportionate share of the Impositions payable for such periods of time. Where any Imposition that LNG is obligated to pay may be paid pursuant to law in installments, LNG may pay such Imposition in installments as and when such installments become due. LNG shall deliver to District evidence of payment of all Impositions LNG is obligated to pay hereunder, concurrently with the making of such payment. LNG shall, within sixty (60) days after payment of any Imposition, deliver to District copies of the receipted bills or other evidence reasonably satisfactory to District showing such payment. District represents and warrants that the Leased Premises are and shall continue to be during the Term of this Lease a separate and distinct parcel so as not to be combined with other properties of District for purposes of any real estate taxes that may be payable by LNG hereunder. Provided LNG pays all costs and expenses (including without limitation, attorneys' fees) incurred by District, District agrees to reasonably cooperate with LNG in applying for any legally available exemption from or abatement of Impositions or a reduction in the assessed value of the Leased Premises or any Improvements thereon.

Article 8. Assignment, Subletting and Financing.

Section 8.01. Assignment and Subletting. LNG shall not, without the prior written consent of District (which consent shall not be unreasonably withheld, conditioned or delayed), (a) assign, transfer, or encumber this Lease or any estate or interest herein, whether directly or by operation of law, (b) permit any other entity to become the tenant hereunder by merger, consolidation, or other reorganization, (c) permit the transfer of an ownership interest in LNG so as to result in a change in control of LNG or LNG's general partner, (d) sublet any portion of the Leased Premises, (e) permit the use of the Leased Premises by any parties other than LNG (except LNG's customers in the ordinary course of business), or (f) grant any license, concession, or other right of occupancy of any portion of the Leased Premises (any of the foregoing events listed being hereafter referred to as a "**Transfer**"). For the purposes of this definition, "**change in control**" means the transfer of ownership of voting securities constituting more than fifty percent (50%) of the outstanding voting securities of the entity. In determining whether to grant or withhold its consent, District shall consider the financial condition of the proposed assignee as well as the experience of the assignee or its operating partner or contractor as an operator of LNG facilities. The term "**Transfer**" does not include (a) an agreement between LNG and one or more of its customers for the use of the LNG Facility (a "**Terminal Use Agreement**") unless, as part of such Terminal Use Agreement, LNG's customer(s) takes over direct operation of any material part of the LNG Facility; or (b) the transfer of securities listed on the New York or other recognized stock exchange even in the event such transfer results in a change in control.

Any Transfer without the prior written consent of District shall be voidable.

Notwithstanding the foregoing, District agrees that District's consent shall not be required to any mortgage or encumbrance by LNG of this Lease and LNG's leasehold

interest in the Leased Premises to a bona fide third party lender in accordance with Section 8.02 (a "**Permitted Transfer**").

In the event of a Transfer pursuant to this Lease, LNG shall provide District with written notice of the proposed Transfer and supporting information regarding the proposed assignee. District shall provide written notice to LNG of its approval or disapproval of a proposed Transfer (which approval shall not be unreasonably withheld, conditioned or delayed) within thirty (30) days following the receipt of such notice from LNG. In the event of a disapproval of such Transfer, District shall specify the reasons therefor and the steps which would be required in order to obtain such consent. Failure by District to approve or disapprove such Transfer within such thirty (30) day period shall be deemed to constitute District's consent to the applicable Transfer.

Section 8.02. Continuing Obligations. In the event of a Transfer by LNG under Section 8.01 above, LNG shall be released from its obligations under this Lease accruing from and after the date of such transfer; provided, however, that in the event of a Transfer pursuant to Section 8.01 above to an assignee with a net worth (calculated in accordance with generally accepted accounting principles, consistently applied) which is less than that of LNG, then LNG shall remain fully liable for payment and performance of all of its obligations hereunder unless and until District shall specifically release LNG of such obligations in writing.

Section 8.03. Leasehold Mortgage and Encumbrance Provisions.

- (a) **LNG's Right to Encumber.** LNG may, from time to time and at any time, without District's consent or joinder, encumber its leasehold interest in this Lease with one or more deeds of trust, mortgages, or other lien instruments to secure any borrowings or obligations of LNG. Any such mortgages, deeds of trust, and/or other lien instruments, and the indebtedness secured thereby, provided that District has been given notice thereof as set forth in Section (b) below, are herein referred to as "**Permitted Mortgages**" and the holder or other beneficiary thereof are herein referred to as "**Permitted Mortgagees.**" No lien of LNG upon its interest in this Lease and the leasehold estate hereby created shall encumber or affect in any way the interest of District hereunder or in and to the Leased Premises, except insofar as District is obligated to take certain actions as to Permitted Mortgagees as provided in this Section 8.03.
- (b) **Mortgagee Protective Provisions.** If LNG encumbers its interest in this Lease and the leasehold estate hereby created with liens as above provided, then LNG shall notify District thereof, providing with such notice the name and mailing address of the Permitted Mortgagee in question, District shall, upon request, acknowledge receipt of such notice, and for so long as the Permitted Mortgage in question remains in effect the following shall apply:
 - (i) District shall give to the Permitted Mortgagee a duplicate copy of any and all notices which District gives to LNG pursuant to the terms hereof, including notices of default, and no such notice shall be effective until such duplicate copy

is sent to such Permitted Mortgagee in the manner provided in Section 17.11 (to the most recent address for such Permitted Mortgagee provided to District).

(ii) No amendment, modification or termination of this Lease by LNG shall be effective as against a Permitted Mortgagee without the prior written consent of such Permitted Mortgagee.

(iii) If an Event of Default should occur hereunder, then District specifically agrees that:

(A) District shall not enforce or seek to enforce any of its rights, recourses, or remedies, including but not limited to termination of this Lease or LNG's right to possession hereunder, until a notice specifying the event giving rise to such Event of Default has been given to the Permitted Mortgagee in the manner provided in Section 17.11 (to the most recent address for such Permitted Mortgagee provided to District), and if the Permitted Mortgagee proceeds to cure the Event of Default within a period of thirty (30) days after receipt of such notice or, as to Events of Default which by their very nature cannot be cured within such time period, the Permitted Mortgagee, to the extent it is able to do so, commences curing such Event of Default within such time period and thereafter diligently pursues such cure to completion, then any payments made and all things done by the Permitted Mortgagee to effect such cure shall be as fully effective to prevent the exercise of any rights, recourses, or remedies by District as if done by LNG;

(B) if the Event of Default is a non-monetary default that a Permitted Mortgagee cannot reasonably cure without being in possession of the Leased Premises, then for so long as the Permitted Mortgagee is diligently and with continuity attempting to secure possession of the Leased Premises (whether by foreclosure or other procedures), provided the Permitted Mortgagee cures any monetary Events of Default as well as any other Events of Default that are reasonably susceptible of then being cured by the Permitted Mortgagee, then District shall allow the Permitted Mortgagee such time as may be reasonably necessary under the circumstances to obtain possession of the Leased Premises in order to cure such Event of Default, and during such time District shall not enforce or seek to enforce any of its rights, remedies or recourses hereunder; and

(C) if the Event of Default is a non-monetary default of such a nature that it is not reasonably susceptible of being cured by the Permitted Mortgagee (as, for example, a non-permitted assignment by LNG), then District shall not enforce or seek to enforce any of its rights, remedies, or recourses hereunder so long as Permitted Mortgagee pays all Rent then due and thereafter keeps the monetary obligations of LNG hereunder current and complies with those other provisions of this Lease which, by their nature, Permitted Mortgagee may then reasonably satisfy.

(iv) Should the Lease be terminated for any reason other than expiration of the stated Term or the early termination as provided herein, then the Permitted Mortgagee shall have the right and option, exercisable by delivering notice to District not later than sixty (60) days after receipt from District of written notice of such

termination (which notice District agrees to give) to elect to receive, in its own name or in the name of its nominee or assignee, a new lease of the Leased Premises for the unexpired balance of the Term on the same terms and conditions as herein set forth, having the same priority as this Lease, and District agrees to execute such new lease provided such Permitted Mortgagee shall undertake forthwith to remedy any then uncured Default reasonably susceptible by its nature of being remedied by such Permitted Mortgagee, including the payment of any amount due hereunder.

(v) No Permitted Mortgagee shall be or become liable to District as an assignee of this Lease until such time as such Permitted Mortgagee, by foreclosure or other procedures, shall either acquire the rights and interests of LNG under this Lease or shall actually take possession of the Leased Premises, and upon such Permitted Mortgagee's assigning such rights and interests to another party pursuant to Section 8.01 above or upon relinquishment of such possession, as the case may be, such Permitted Mortgagee shall have no further such liability.

(vi) If any prospective Permitted Mortgagee requires modifications to this Lease as a condition to granting a Permitted Mortgage, District shall not unreasonably withhold its consent to such modifications, provided that District shall not be required to consent to any such modification pertaining to Rent, the Term, or any other material economic provision of this Lease, nor to any modification which would materially decrease District's rights or increase its burdens or obligations hereunder. Any cost incurred by District in connection with any such proposed modification shall be borne by LNG.

(vii) District will execute a confirmation of the foregoing provisions in favor of a prospective Permitted Mortgagee and shall execute a subordination, non-disturbance and attornment agreement in form reasonably acceptable to District, LNG and a Permitted Mortgagee and if requested by LNG shall provide an opinion of counsel reasonably required by such Permitted Mortgagee to confirm the due execution, authority and enforceability of this Lease as to District. LNG agrees to reimburse District for all reasonable expenses of counsel related to the preparation of such legal opinions.

Article 9. Access by District. District, its employees, contractors, agents and representatives, shall have the right (and District, for itself and such persons and firms, hereby reserves the right) to enter the Leased Premises upon not less than forty-eight (48) hours prior notice (which may be verbal or telephonic) and during normal business hours (a) to inspect the Leased Premises, (b) to show the Leased Premises to prospective purchasers or tenants but only within 12 months prior to the expiration of this Lease, (c) to determine whether LNG is performing its obligations hereunder and, if it is not, to perform same at District's option and LNG's expense or (d) for any other purpose deemed reasonable by District. In an emergency involving the imminent threat of harm to persons or property, District (and such persons and firms) shall provide such advance notice as may be reasonable under the circumstances and, if necessary, may use any means to open any door into or in the Leased Premises without any liability therefor. LNG shall have the right to have a representative present during any such entry. Entry into the Leased Premises by District or any other person or firm named in the first sentence of this Article for any purpose permitted herein shall not constitute a trespass or an eviction (constructive or otherwise), or entitle LNG to any abatement or reduction of Rent, or

constitute grounds for any claim (and LNG hereby waives any claim) for damages for any injury to or interference with LNG's business, for loss of occupancy or quiet enjoyment or for consequential damages. District's entry and presence on the Leased Premises pursuant to this Article 9 shall be subject to all Legal Requirements. District agrees to comply with all safety and regulatory requirements of LNG when entering upon the property for any reason.

Article 10. Insurance.

Section 10.01. LNG's Insurance. LNG agrees to procure and maintain insurance on the Facility for the full insurable value thereof throughout the Term of this Lease. The policy for such insurance shall have a replacement cost endorsement or similar provision. "Full insurable value" shall mean actual replacement value and such full insurable value shall be confirmed from time to time at the request of District (but no more frequently than the dates of renewal of such policy) by an independent appraiser acceptable to both parties.

Section 10.02. Minimum Coverages. During the Construction Term, Primary Term and any Renewal Terms of this Lease, LNG shall at a minimum maintain the insurance coverages listed below:

- (a) Commercial general liability, covering claims for bodily injury and property damage liability (Coverage A), personal injury and advertising liability (Coverage B), medical payments liability (Coverage C), and supplementary payments liability for Coverages A and B occurring at the LNG Facility. Such insurance shall contain the following limits: general aggregate limit (other than products-completed operations) of \$10,000,000; products-completed operations aggregate limit of \$10,000,000; personal and advertising injury limit of \$5,000,000; each occurrence limit of \$5,000,000; and medical expense limit of \$5,000,000. Such coverage also shall be endorsed to provide pollution liability coverage extension (ISO Form CG 04 22 1 85).
- (b) Commercial vehicle liability insurance, including coverage for all owned, non-owned and hired vehicles. Such coverages shall afford protection to the limits of at least \$5,000,000 combined single limit each accident for bodily injury and property damage, and \$10,000,000 general aggregate limit.
- (c) Umbrella liability insurance having limits of not less than \$5,000,000 (over and above the limits of liability on the underlying policies specified in clauses (a) and (b) above). Such coverage shall follow the form of the underlying policies specified in clauses (a) and (b) above.
- (d) Workers' Compensation Insurance in compliance with all Federal and State laws, with the following special coverage extensions.
 - (1) Employer's Liability coverage with limits of at least \$1,000,000 per accident.
 - (2) U.S. Longshoremen's and Harbor Workers' Compensation Act endorsement.

(e) Such other insurance coverages or policies as may be statutorily required.

Section 10.03. Evidence of Insurance. Prior to commencement of this Lease, LNG shall furnish to District copies of the insurance policies evidencing the placement of the coverages required under this Lease, signed by authorized representatives of the insurance companies, providing coverage, setting forth all coverages, extensions and limits required to be carried by LNG under the provisions of this Lease. The failure of District to object to LNG's failure to furnish such policies shall not be deemed a waiver of LNG's obligation to furnish insurance coverage as described above.

Section 10.04. Notice of Cancellation. LNG shall provide thirty (30) days advance written notice to District of any reduction or cancellation of any coverage required by this Lease.

Section 10.05. Denial of Coverage; Indemnity. In the event that coverage is denied or contested by any underwriter providing to LNG insurance coverage required by this Lease, in whole or in part, because of breach of the terms of such insurance by LNG or because of LNG's failure to maintain any insurance as required herein, LNG shall indemnify, defend, and hold District harmless against all claims, demands, costs, and expenses, including attorney's fees, which would otherwise be covered by said insurance.

Section 10.06. Additional Insured. All liability insurance policies required to be maintained by LNG or District under the terms of this Lease shall name as additional insureds the parties, and their respective commissioners, officers, directors, partners, employees, agents and representatives.

Section 10.07. Waiver of Subrogation. All insurance policies required of LNG or District under the terms of this Lease shall contain provisions that the insurance company shall have no rights of recovery for subrogation (whether by loan receipt, equitable assignment, or otherwise) against LNG, District, and their respective commissioners, officers, directors, partners, employees, agents, and representatives.

Section 10.08. District's Insurance. During the Term of this Lease, District shall at a minimum maintain (or cause to be maintained) as to the Port Facilities and other facilities owned by the District the same insurance coverages required to be maintained by LNG hereunder with respect to the Leased Premises.

Section 10.09. Insurance Primary. All insurance policies required of LNG or District under the terms of this Lease shall be endorsed so that they will be primary in relation to any other policies carried by the parties or their respective commissioners, officers, directors, partners, employees, agents, and representatives.

Section 10.10. Deductibles. The deductible under all policies of insurance required of LNG under the terms of this Lease shall be for the account of and shall be absorbed by LNG.

Section 10.11. Other Insurance. All insurance policies required of LNG or District under the terms of this Lease shall include an "other insurance endorsement" in substantially the following form:

Underwriters acknowledge the existence of insurance carried by [LNG or District as appropriate], its commissioners, officers, directors, partners, employees, agents, and representatives, and it is understood and agreed that the provisions relating to other insurance in [LNG's/District's] policies, if any, shall not be applicable to any insurer of [LNG/District, its commissioners, officers, directors, employees, agents, and representatives.]

Section 10.12. No Limit on Indemnification. Notwithstanding anything to the contrary herein, the indemnification obligations of a party under this Lease shall not be limited in an amount or scope to the insurance coverage which is required herein.

Section 10.13. Increase in Limits. Not less than once every three (3) years during the Term, District and LNG shall meet to determine whether an increase in the minimum insurance limits set forth in this Article 10 is warranted in order to be consistent with normal industry practice at similar facilities at the time. If the parties approve an increase, each party shall have ninety (90) days notice to comply with said adjustment.

Section 10.14. Requirements of Policies. All policies of insurance required to be obtained and maintained by LNG shall be issued by licensed insurance companies having an A.M. Best Rating of not less than A:VII (or a similar rating from an alternative rating service in the event that A.M. Best no longer publishes such ratings) and shall have commercially reasonable deductibles.

Section 10.15. Alternative Insurance Coverage. District may, in writing, approve alternative insurance coverage, if LNG furnishes copies of such policies to District and as to any liability policies, such insurance names District as an additional insured. In the event LNG elects to submit alternate insurance coverage, a copy of the Declaration Page of the policy along with any other documentation requested by District must be furnished to District within ten (10) days of request by District.

Article 11. INDEMNITY.

Section 11.01. INDEMNITY. LNG HEREBY INDEMNIFIES AND HOLDS HARMLESS DISTRICT, AND ITS EMPLOYEES, AGENTS, OFFICERS, DIRECTORS AND BOARD MEMBERS FROM AND AGAINST ALL CLAIMS FOR DAMAGES (INCLUDING WITHOUT LIMITATION REASONABLE LEGAL FEES, COSTS AND EXPENSES) TO LEASED PREMISES OR INJURY TO PERSONS CAUSED BY ANY CONSTRUCTION, MAINTENANCE OR OPERATION OF THE IMPROVEMENTS AND USE OF THE LEASED PREMISES BY LNG AND LNG'S AGENTS, SERVANTS, CONTRACTORS, SUB-CONTRACTORS, EMPLOYEES, AND INVITEES; AND EXCEPT AS EXPRESSLY PROVIDED HEREIN, LNG AGREES TO SAVE, INDEMNIFY

AND HOLD HARMLESS DISTRICT AGAINST THE CLAIMS AND DAMAGES (INCLUDING WITHOUT LIMITATION REASONABLE LEGAL FEES, COSTS AND EXPENSES) OF ANY AND ALL PERSONS USING THE LEASED PREMISES, SUFFERED OR CLAIMED TO HAVE BEEN SUFFERED, BY ANY ALLEGED CONDITION OF THE LEASED PREMISES FOR WHICH LNG IS RESPONSIBLE HEREUNDER. LNG FURTHER AGREES TO SAVE, INDEMNIFY AND HOLD HARMLESS DISTRICT FROM AND AGAINST ANY AND ALL CLAIMS AND CAUSES OF ACTION (INCLUDING WITHOUT LIMITATION REASONABLE LEGAL FEES, COSTS AND EXPENSES) WHICH MAY ARISE, FROM WHATSOEVER CAUSE, BY ANY OF THE AGENTS, SERVANTS, CONTRACTORS, SUB-CONTRACTORS, EMPLOYEES OR INVITEES OF LNG ON, OVER AND IN THE USE OF THE LEASED PREMISES.

DISTRICT AND LNG ACKNOWLEDGE THAT THIS STATEMENT AND THE FOREGOING INDEMNIFICATION UNDER THIS ARTICLE IS CONSPICUOUS AND HAS BEEN REVIEWED BY EACH PARTY'S OWN RESPECTIVE INDEPENDENT LEGAL COUNSEL. THE INDEMNIFICATION ARISING HEREIN SHALL SURVIVE THE TERMINATION OF THIS LEASE ONLY WITH RESPECT TO THOSE CLAIMS, DAMAGES, INJURIES AND CAUSES OF ACTION THAT AROSE DURING THE TERM OF THIS LEASE.

Article 12. Casualty Loss.

Section 12.01. Obligation to Restore.

- (a) If all or any part of the Improvements located on (or constituting a part of) the Leased Premises are destroyed or damaged by any casualty during the Term, LNG shall take such measures as required by applicable Legal Requirements to secure the Leased Premises and abate any imminent threat to health or safety resulting therefrom. LNG shall promptly commence and thereafter diligently pursue the settlement of any casualty insurance claims. Within a reasonable period of time following the settlement of insurance claims, LNG shall commence and thereafter prosecute diligently to completion the restoration of the same to substantially the condition in which the destroyed or damaged portion existed prior to the casualty. In the event LNG elects or is required to demolish the remaining Improvements pursuant to the foregoing, or pursuant to clause (ii) below, then either LNG or District shall have the right to terminate this Lease upon ninety (90) days written notice to the other. In the event LNG is required to or elects to restore the Improvements, LNG will perform such restoration with at least as good workmanship and quality as the Improvements being restored, and in compliance with the provisions of Article 6 hereof. Notwithstanding the foregoing provisions of this subparagraph (a) to the contrary, if (i) all such Improvements are wholly destroyed by any casualty, or are so damaged or destroyed that, in LNG's good faith judgment reasonably exercised, it would be uneconomic to cause the same to be restored (and LNG shall give written notice of such determination to District within ninety (90) Business Days after the date

the casualty occurred), (ii) the cost to restore such damage is not covered by insurance, (iii) the proceeds of such insurance is insufficient to cover the cost (other than the deductible under such policy) of such restoration, (iv) LNG's Permitted Mortgagee refuses to make sufficient insurance proceeds available for such restoration or (v) Legal Requirements prohibit such restoration, then in any of such events LNG shall not be obligated to restore such Improvements and this Lease shall terminate as of the date of the casualty. So long as this Lease remains in effect, Rent payable hereunder shall not abate during such casualty, but any Minimum Through-Put requirements or obligation to pay any Through-Put Deficiency shall be adjusted as follows (provided, however, that any such adjustment shall cease upon the date the LNG Facility recommences full commercial operations): (A) during the first 12 months from the date of such casualty the Minimum Through-Put requirements and Through-Put Deficiency obligations shall not apply; (B) from the 13th month from the date of such casualty until the 24th month following the date of such casualty, the Minimum Through-Put shall be reduced to 500,000 short tons; (C) from the 25th month following the date of such casualty until the 36th month following the date of such casualty, the Minimum Through-Put shall be 1,000,000 short tons and (D) following the 36th month after the date of such casualty, the full Minimum Through-Put shall be applicable.

- (b) If a casualty loss affecting the Leased Premises occurs, all insurance proceeds arising from policies maintained by LNG for the damages arising from such casualty shall be distributed and paid directly to LNG's Permitted Mortgagee, or if there shall be no Permitted Mortgage in effect, to District, and District shall distribute such insurance proceeds to LNG to the extent necessary to reimburse LNG for the costs incurred by LNG in restoring the damaged Leased Premises in satisfaction of this Section 12.01, and any balance of such proceeds remaining after such restoration is complete shall be distributed according to the terms of the documents governing the Permitted Mortgage, or in the absence of a Permitted Mortgage to LNG.

Section 12.02. Notice of Damage. LNG shall immediately notify District of any destruction of or damage to the Leased Premises.

Article 13. Condemnation.

Section 13.01. Notice. If either party learns that any of the Leased Premises has been or is proposed to be subjected to a Taking, such party shall immediately notify the other of such Taking.

Section 13.02. Continuation of Lease. If, at any time during the term of this Lease, there shall be a Total Taking of all of the Leased Premises, then LNG shall be relieved of its obligations to pay Rent and to perform its other covenants hereunder from and after the Taking Date, and LNG shall surrender the remaining portion of the Leased Premises, if any, to the District as of such date; provided that such release and surrender shall in no way prejudice or interfere with LNG's right to an award for its loss or damage as

hereinafter provided. If any Taking occurs during the Term and this Lease is not terminated by LNG as provided herein, this Lease shall remain in full force and effect except that, effective as of the Taking Date, this Lease shall terminate automatically as to any of the Leased Premises so taken with an appropriate reduction or abatement of Rent and other charges attributable to the portion of the Leased Premises so taken.

Section 13.03. Awards. In the event of any Taking of all or any portion of the Leased Premises, District shall be entitled to an award based on the taking of or injury to the fee simple estate in the Land and LNG shall be entitled to an award based on any loss or reduction of its leasehold and easement estates, loss of any building or other Improvement constructed or placed on the Land by LNG, loss or interruption of business and the cost of any alterations or restoration resulting from any such Taking. Any single award or settlement shall be allocated between the parties in accordance with the foregoing. To the extent required under the terms of any Permitted Mortgage, the proceeds of an Award shall be paid to such Permitted Mortgagee to be held in escrow and disbursed as alterations, restoration, replacement and construction is completed.

Section 13.04. Reconstruction. In the event of a Partial Taking, LNG shall, with reasonable diligence, rebuild and restore the Leased Premises not so taken to at least its condition prior to the Taking or (if the Leased Premises are not capable of being so rebuilt and restored) as closely to such condition as is reasonably practical under the circumstances. Notwithstanding anything herein to the contrary, to the extent LNG's award attributable to such improvements is not sufficient to pay for the cost of restoration, replacement and reconstruction, District shall deliver to LNG District's share of the award attributable to such restoration, replacement and construction of the Leased Premises.

Section 13.05. No Condemnation by District. District covenants and agrees that it will not condemn nor take by eminent domain the interest of LNG, its permitted successors and assigns, in or to any portion of the Leased Premises during the Term of this Lease, except as may be required for channel and waterway improvements.

Article 14. Quiet Enjoyment. LNG, on paying the Rent and all other sums called for herein and performing all of LNG's other obligations contained herein, shall and may peaceably and quietly have, hold, occupy, use and enjoy the Leased Premises during the Term subject to the provisions of this Lease. District agrees to warrant and forever defend LNG's right to occupancy of the Leased Premises against the claims of any and all persons whomsoever lawfully claiming the same or any part thereof, by, through or under District (but not otherwise), subject to the provisions of this Lease, and to all matters recorded in the Real Property Records of Calhoun County, Texas, to the extent the foregoing are validly existing and applicable to the Leased Premises.

Article 15. Default by LNG.

Section 15.01. Events of Default. Each of the following occurrences shall constitute an "Event of Default" by a party under this Lease:

- (a) The failure of a party to pay any amount due under this Lease, and the continuance of such failure for a period of ten (10) days after receipt of notice from the other party;
- (b) The failure by a party to perform, comply with or observe any other agreement, obligation or undertaking of such party, and the continuance of such failure for a period of thirty (30) days after receipt of notice from the non-defaulting party specifying such failure, except that if cure is not reasonably possible within such thirty (30) day period, a party shall not be in default if it promptly commences cure within such period and thereafter diligently pursues cure until completion;
- (c) The filing of a petition by LNG in any bankruptcy court or other insolvency proceeding and the filing by a third party against LNG of any such petition in any bankruptcy court or other insolvency proceeding which is not removed within 90 days following the date of such filing; and
- (d) As to LNG, use of the Leased Premises by LNG or its successors or assigns for any purpose other than a Permitted Use, and LNG's failure to cease such impermissible use within thirty (30) days of receipt of notice of such violation from District.

Section 15.02. Remedies. Upon the occurrence of an Event of Default, the non-defaulting party may, in addition to its other remedies available at law or in equity, terminate this Lease upon thirty (30) days notice to the other party; however, such notice shall not be effective if the defaulting party or, as to LNG, a Permitted Mortgagee cures the Event of Default within the cure period provided herein.

Section 15.03. No Waiver; No Implied Surrender. Provisions of this Lease may not be waived orally or impliedly, but only by the party entitled to the benefit of the provision evidencing the waiver in writing. No waiver of any breach by a party shall constitute a waiver of any subsequent breach.

Article 16. Right of Re-entry. Upon the expiration or termination of the Term for whatever cause, or upon the exercise by District of its right to re-enter the Leased Premises without terminating this Lease, LNG shall immediately, quietly and peaceably surrender to District possession of the Leased Premises in the condition and state of repair required under the Lease. If LNG fails to surrender possession as herein required, District may initiate any and all legal action as District may elect to dispossess LNG and all persons or firms claiming by, through or under LNG, from the Leased Premises. For so long as LNG remains in possession of the Leased Premises after such expiration, termination or exercise by District of its re-entry right, LNG shall be deemed to be occupying the Leased Premises as a tenant-at-sufferance, subject to all of the obligations of tenant under this Lease, except that the Land Rent shall be twice the per day Land Rent in effect immediately prior to such expiration, termination or exercise by District. No such holding over shall extend the Term. If LNG fails to surrender possession of the Leased Premises in the condition herein required, District may, at LNG's expense, restore the Leased Premises to such condition.

Article 17. Miscellaneous.

Section 17.01. Independent Obligations; No Offset. The obligations of LNG to pay Rent and to perform the other undertakings of LNG hereunder constitute independent unconditional obligations to be performed at the times specified hereunder, regardless of any breach or default by District hereunder. Except as expressly provided herein, LNG shall have no right, and LNG hereby waives and relinquishes all rights which it might otherwise have, to claim any nature of lien against the Leased Premises or to withhold, deduct from or offset against any Rent or other sums to be paid to District by LNG; provided, that in the event LNG obtains a final, non-appealable judgment against District from a court of competent jurisdiction, LNG shall be permitted to offset the amount of such award against any Rent payable hereunder.

Section 17.02. Subordination of Landlord's Lien Rights. Upon the request of LNG, District hereby agrees to fully and completely subordinate any statutory landlord's lien rights it may have to the liens securing payment of any Permitted Mortgage.

Section 17.03. Applicable Law. This Lease shall be governed by, construed and shall be enforceable in accordance with the laws of the State of Texas without giving effect to the principles of conflict of laws. Venue for any action brought hereunder shall lie in the State Courts of Calhoun County, Texas.

Section 17.04. Assignment by District. District shall have the right to assign, in whole or in part, any or all of its rights, titles or interests in and to the Leased Premises or this Lease and, upon any such assignment, District shall be relieved of all unaccrued liabilities and obligations hereunder to the extent of the interest so assigned.

Section 17.05. Estoppel Certificates. Within twenty (20) Business Days following the receipt of a written request from District or LNG (or a Permitted Mortgagee), the other party will promptly and without compensation or consideration execute, have acknowledged and deliver a certificate stating (a) the date on which the Term commenced and the date on which it is then scheduled to expire; (b) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the date and the nature of each modification); (c) the date, if any, through which Rent and other charges have been paid; (d) that no Event of Default exists that has not been cured, except as to defaults stated in such certificate; (e) that the responding party has no existing defenses or setoffs to enforcement of this Lease, except as specifically stated in such certificate and (f) such other information pertaining to this Lease as may be reasonably requested by the requesting party. Any such certificate may be relied upon by the requesting party or any prospective purchaser, assignee or mortgagee.

Section 17.06. Right to Contest. Notwithstanding any other provision of this Lease, LNG shall not be required to pay any Imposition, comply with any Legal Requirement, or discharge or remove any lien (such non-compliance being hereinafter referred to collectively as "**Permitted Violations**"), so long as (a) LNG shall diligently contest, in good faith, the existence, amount or validity of the Permitted Violation by appropriate

proceedings that operate during the pendency thereof to prevent or stay (i) the collection of, or other realization upon, the Permitted Violation, (ii) the sale or forfeiture of any of the Leased Premises, (iii) any interference with the use or occupancy of any of the Leased Premises, (iv) any loss or interference with the payment of any Rent, (v) the cancellation of any insurance policy, and (vi) the enforcement or execution of any injunction, order or Legal Requirement with respect to the Permitted Violation; (b) LNG shall provide District security, satisfactory in District's reasonable judgment, to pay all losses, judgments, costs, interest, penalties and other sums that may be incurred or become due if LNG's contest is unsuccessful, (c) the Permitted Violation does not disrupt or interfere with District's business or operations or the business or operations of any third parties in any way, (d) no such contest shall subject District to the risk of any civil or criminal liability, and (e) in the case of a lien filed against the Leased Premises, LNG files a bond to indemnify against such lien in accordance with the requirements of Chapter 53 of the Texas Property Code, or any successor statute. LNG shall pay any and all losses, judgments, decrees and costs in connection with any such contest and shall perform all acts ordered or decreed as a result thereof.

Section 17.07. Signs. LNG shall not install any signs, placards or other advertising or identifying marks upon the Leased Premises or upon the exterior of any Improvements to or constituting a part of the Leased Premises without the prior written consent of District, which approval shall not be unreasonably withheld, conditioned or delayed. LNG agrees to remove promptly and to the satisfaction of District (at LNG's sole cost and expense) upon the expiration or earlier termination of the Term any and all such signs, placards or other advertising or identifying marks.

Section 17.08. Relation of the Parties. It is the intention of the parties to create hereby the relationship of landlord and tenant, and no other relation is hereby created. Nothing in this Lease shall be construed to make the parties partners or joint venturers or to render either party liable for any obligation of the other.

Section 17.09. Public Disclosure. District is a governmental authority subject to the requirements of the Texas Open Meetings Act and the Texas Open Records Act (Texas Government Code Chapters 551 and 552), and as such District is required to disclose to the public (upon request) this Lease and certain other information and documents relating to the consummation of the transactions contemplated hereby. In this regard, and except as specifically provided herein, LNG agrees that the disclosure of this Lease or any other information or materials related to the consummation of the transactions contemplated hereby to the public by District as required by the Texas Open Meetings Act, Texas Open Records Act, or any other Legal Requirement will not expose District (or any party acting by, through or under District) to any claim, liability or action by LNG. Notwithstanding the foregoing, if District receives any request for access to or a copy of any documents herein agreed by District to be kept confidential as provided in Section 6.04 above, District shall (a) decline to release the information for the purpose of requesting a Texas Attorney General decision in accordance with the provisions of Section 552.305 of the Texas Open Records Act and (b) comply with all provisions of said Section 552.305. District shall, within five (5) days after the receipt thereof, mail to LNG notice of any request for access to or a copy of any document herein agreed by District to be kept

confidential and shall mail to LNG a copy of District's Texas Attorney General request as to whether the requested information is exempted from public disclosure concurrently with the transmittal thereof to the Texas Attorney General.

Section 17.10. Binding Effect. All of the provisions of this Lease shall extend to, bind and inure to the benefit of, as the case may be, District and LNG, and their respective successors and permitted assigns.

Section 17.11. Notices and Billing Address. All notices and other communications given pursuant to this Lease shall be in writing and shall either be mailed by first class United States mail, postage prepaid, registered or certified with return receipt requested, and addressed as set forth in this Lease, or delivered in person to the intended addressee, or sent by prepaid telegram, cable or telex followed by a confirmatory letter. Notice mailed in the aforesaid manner shall become effective three (3) Business Days after deposit; notice given in any other manner, and any notice given to District, shall be effective only upon receipt by the intended addressee. For the purposes of notice and/or billing, the address of:

- (a) District shall be:
Calhoun County Navigation District
P. O. Box 397
Point Comfort, Texas 77978
Attention: Robert H. Van Borssum, Port Director

with a copy to:

Roberts, Roberts, Odefey and Witte
2206 N. Hwy. 35 Bypass
P.O. Box 9
Port Lavaca, TX 77979
Attention: Wanda Roberts

and

- (b) LNG shall be:
Calhoun LNG
Three Riverway, Suite 525
Houston, Texas 77056
Attention: Chris Hilgert

with a copy to:

King & Spalding LLP
1100 Louisiana, Suite 4000
Houston, Texas 77002
Attention: Peter M. Oxman

Each party shall have the continuing right to change its address for notice hereunder by the giving of fifteen (15) days prior written notice to the other party provided however, if LNG vacates the location that constitutes its address for notice hereunder without changing its address for notice pursuant to this Lease, then LNG's address for notice shall be deemed to be the last address provided to District.

Section 17.12. Entire Agreement, Amendment and Binding Effect. This Lease constitutes the entire agreement between District and LNG relating to the subject matter hereof and all prior agreements relative hereto which are not contained herein are terminated. This Lease may be amended only by a written document duly executed by District and LNG, and any alleged amendment which is not so documented shall not be effective as to either party. Nothing in this paragraph shall alter the rights and duties specifically set forth between the parties under the Financing Agreement; provided, however, that upon the execution and delivery of this Lease by both parties, the provisions of this Lease shall supercede in their entirety the provisions of Section 4.03 of the Financing Agreement.

Section 17.13. Severability. This Lease is intended to be performed in accordance with and only to the extent permitted by all Legal Requirements. If any provision of this Lease or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, but the extent of the invalidity or unenforceability does not destroy the basis of the bargain between the parties as contained herein, the remainder of this Lease and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

Section 17.14. No Merger. There shall be no merger of the leasehold estate created by this Lease with the fee estate in any of the Lease Premises by reason of the fact that the same person or entity may acquire or hold or own, directly or indirectly (a) the leasehold estate created hereby or any part thereof or interest therein, and (b) the fee estate in any of the Leased Premises, unless and until all persons or entities having any interest in the interests described in (a) and (b) above to be merged shall join in a written instrument effecting such merger and shall duly record the same.

Section 17.15. Construction. Unless the context of this Lease clearly requires otherwise, (a) pronouns, wherever used herein, and of whatever gender, shall include natural persons and corporations and associations of every kind and character; (b) the singular shall include the plural wherever and as often as may be appropriate; (c) the term "includes" or "including" shall mean "including without limitation"; (d) the word "or" has the inclusive meaning represented by the phrase "and/or"; and (e) the words "hereof" or "herein" refer to this entire Lease and not merely the Section or Article number in which such words appear. Article and Section headings in this Lease are for convenience of reference and shall not affect the construction or interpretation of this Lease. Any reference to a particular "Article" or "Section" shall be construed as referring to the indicated article or section of this Lease.

Section 17.16. Attorneys Fees. If District initiates any litigation against LNG relating to this Lease, and District prevails in such litigation, then District shall be entitled to recover, in addition to all damages allowed by law and other relief, all court costs and reasonable attorneys fees incurred in connection with such litigation.

Section 17.17. Authority.

- (a) LNG warrants and represents to District that (a) LNG is a Delaware limited partnership duly authorized to do business in the State of Texas (b) LNG has full right and authority to execute, deliver and perform this lease, (c) the person executing this Lease on behalf of LNG was authorized to do so and (d) upon request of District, LNG will deliver to District satisfactory evidence of the authority of the person executing this Lease on behalf of LNG to execute this Lease on behalf of LNG.
- (b) District warrants and represents to LNG that (a) District is a duly organized and existing legal entity, in good standing in the State of Texas (b) District has full right and authority to execute, deliver and perform this lease, (c) the person executing this Lease on behalf of District was authorized to do so and (d) upon request of LNG, District will deliver to LNG satisfactory evidence of the authority of the person executing this Lease on behalf of District to execute this Lease on behalf of District.

Section 17.18. Force Majeure. District and LNG shall be entitled to rely upon Force Majeure as an excuse for timely performance hereunder only as expressly provided herein and shall not be entitled to rely upon Force Majeure as an excuse for timely performance unless the party seeking to rely on Force Majeure (a) uses commercially reasonable efforts to overcome the effects of the event of Force Majeure, (b) gives written notice to the other party within five (5) days after the occurrence of the event describing with reasonable particularity the nature thereof, (c) commences performance of its obligation hereunder immediately upon the cessation of the event and (d) gives written notice to the other party within five (5) days after the cessation of the event advising the other party of the date upon which the event ceased to constitute an event of Force Majeure.

Section 17.19. Interpretation. District, LNG and their respective legal counsel have reviewed and have participated in the preparation of this Lease. Accordingly, no presumption will apply in favor of either District or LNG in the interpretation of this Lease or in the resolution of the ambiguity of any provision hereof.

Section 17.20. Multiple Counterparts. This Lease may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute but one instrument.

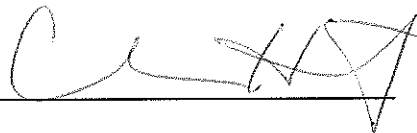
EXECUTED as of May 11th, 2007.

CALHOUN LNG, L.P.

By: Calhoun LNG GP LLC, its general partner

By: Gulf Coast LNG Partners, L.P.,
its sole member

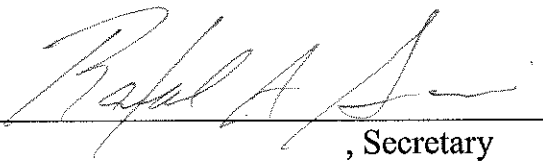
By: Gulf Coast LNG GP LLC,
its general partner

By: 

CHRIS HILGERT
(Printed Name)

Title: CHIEF EXECUTIVE OFFICER

ATTEST:


, Secretary

CALHOUN COUNTY NAVIGATION
DISTRICT

By: Paul R. Blasingim
Paul R. Blasingim, Board Chair

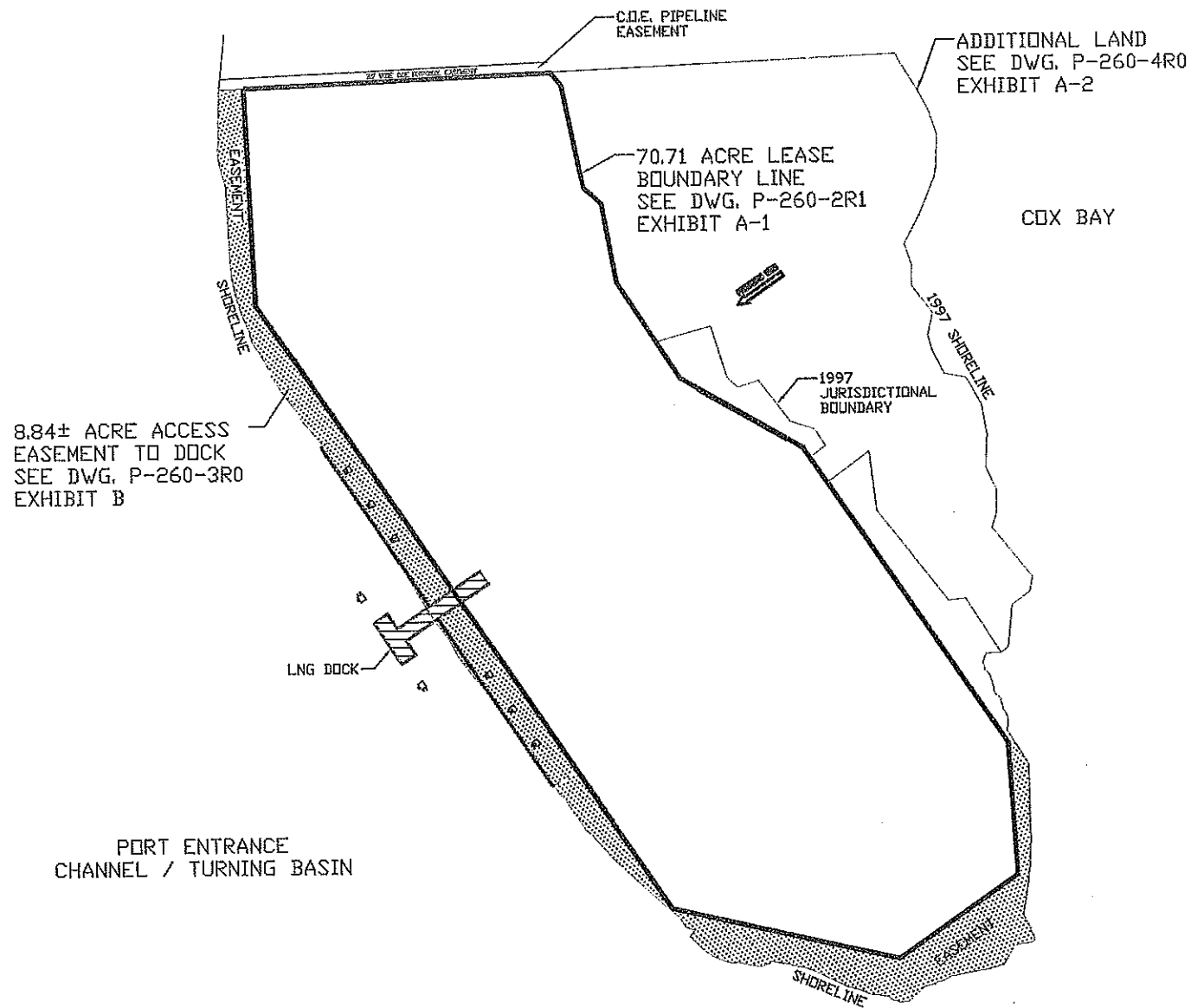
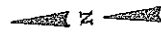
ATTEST:

Roger G. Martinez
Roger G. Martinez, Board Secretary

APPROVED AS TO FORM:

Wanda Roberts
Wanda Roberts, General Counsel
Calhoun County Navigation District

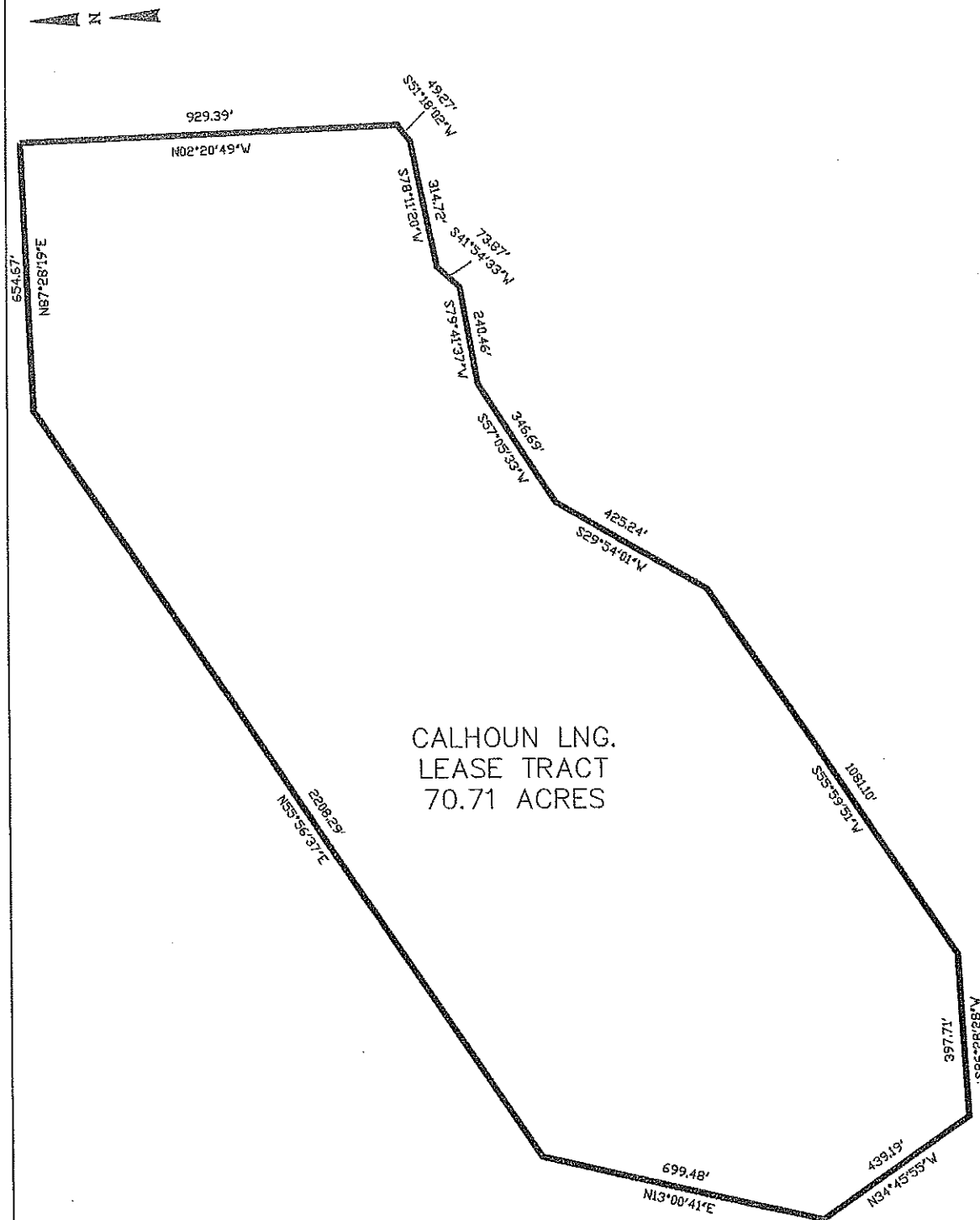
EXHIBIT A



G & W ENGINEERS, INC.

• ENGINEERING • SURVEYING • ARCHITECTURE • PLANNING

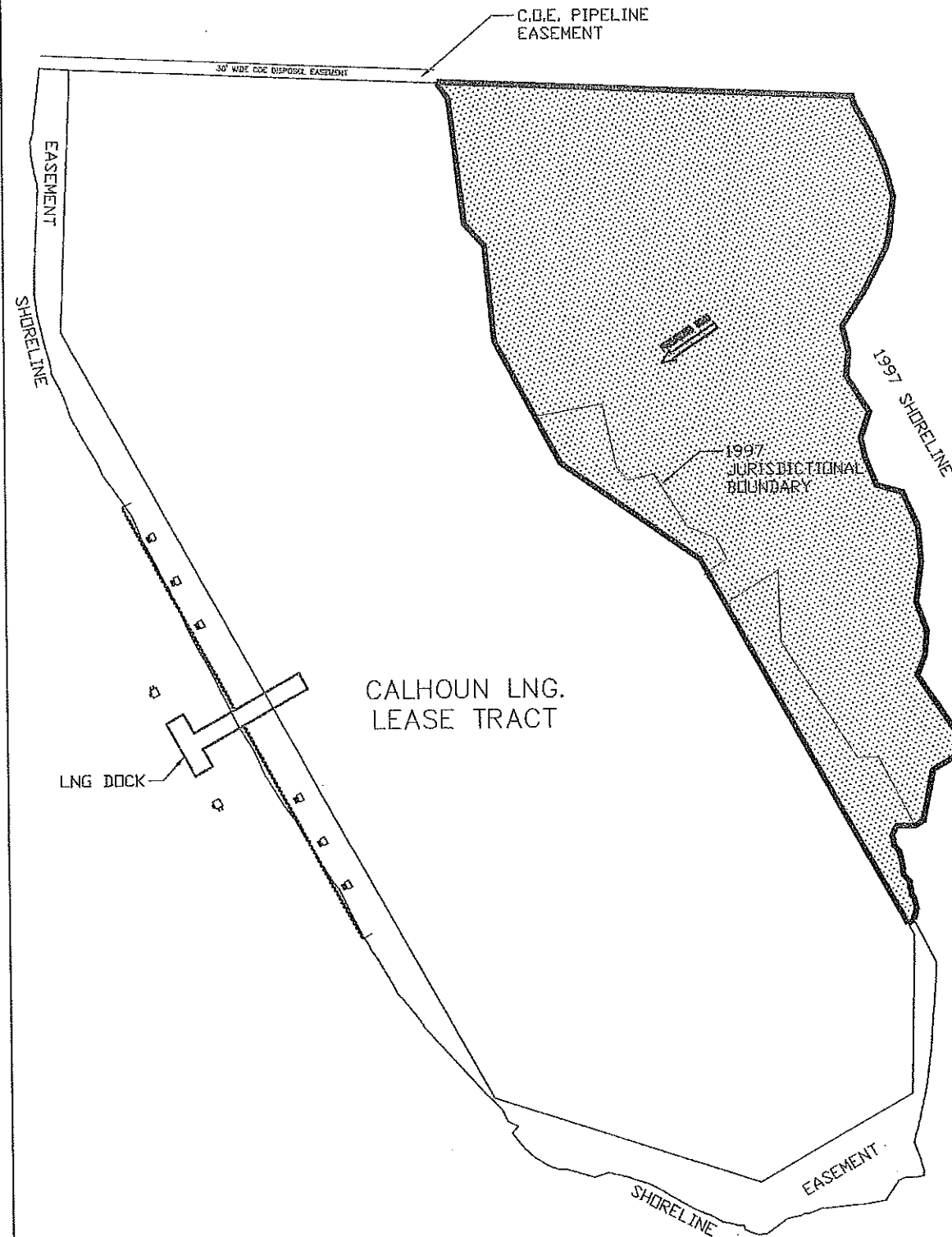
EXHIBIT A-1



This drawing was prepared from office calculations based on Calhoun County Navigation District site monumentation and the bearing basis is Grid North, Texas State Plane Coordinate System, South Central Zone, NAD 1983.

C. & W. ENGINEERS, INC.

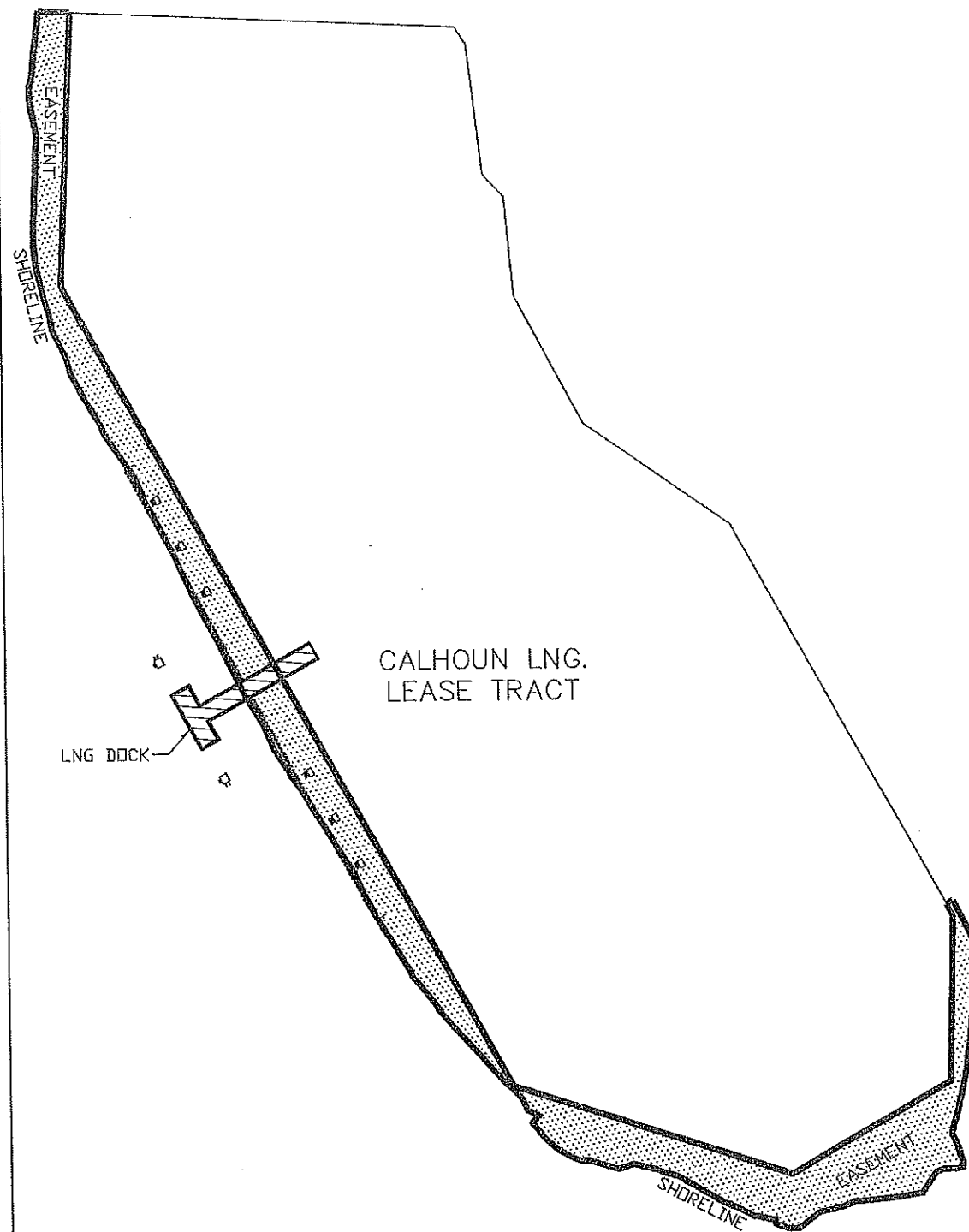
EXHIBIT A-2



NOTE:
30.49 ± ACRES OF
ADDITIONAL LAND SHOWN

C. W. ENGINEERS, INC.

EXHIBIT B



NOTE:
8.84 ± ACRES EASEMENT
BETWEEN SHORELINE & TERMINAL.

C. A. W. ENGINEERS, INC.

AMENDED

GROUND LEASE AGREEMENT

THIS AMENDED LEASE AGREEMENT ("Lease") is entered as of February 13, 2008 (the "Effective Date") between CALHOUN PORT AUTHORITY, formerly CALHOUN COUNTY NAVIGATION DISTRICT, a body politic and a governmental subdivision of the State of Texas (hereinafter referred to as "Port", and CALHOUN LNG, L.P., a Delaware limited partnership (hereinafter referred to as "LNG"), which is a subsidiary of GULF COAST LNG PARTNERS, L.P., a Delaware limited partnership (hereinafter referred to as "Gulf Coast").

RECITALS

WHEREAS, on May 11, 2007 the Port entered into a Ground Lease Agreement authorizing the lease of approximately 70.71 acres of Port property depicted in Exhibit "A" and more particularly described on Exhibit "A-1", which Exhibits are hereby made a part hereof for any and all purposes (the "Leased Premises"). The Order of the Port also set forth the terms and conditions of the Lease Agreement between Port and LNG, including guaranteed through put in the amount of 1,500,000 short tons; and

WHEREAS, the Port and Calhoun LNG, L.P. have now renegotiated the terms of the lease to reflect an increased through put of 7,800,000 short tons; and

WHEREAS, the Port is of the opinion that such increase in short tonnage is in the best interest of the Port; and

WHEREAS, the Port, the Calhoun County Navigation Industrial Development Authority (the "Corporation") and Gulf Coast entered into that certain Interim Financing Agreement dated as of October 1, 2004 (the "Financing Agreement"); and

WHEREAS, the Port and LNG desire to enter into this Lease to provide for the development, construction, operation and financing of the LNG Facility.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

AGREEMENTS

In consideration of the mutual agreements herein set forth, Port and LNG agree as follows:

Article 1. Definitions. As used in this Lease, the following terms (in addition to the terms defined elsewhere herein), and whether singular or plural thereof, shall have the following meanings when used herein with initial capital letters:

"Additional Land" shall have the meaning given such term in Section 2.01.

"Award" shall mean any payment or other compensation received or receivable from or on behalf of any governmental authority or any person or entity vested with the power of eminent domain for or as a consequence of any Taking.

"Business Day" shall mean a day other than Saturday, Sunday or legal holiday recognized in Port's Tariffs.

"Change in Control" shall have the meaning given such term in Section 8.01.

"Commencement of Commercial Operations" shall mean the date identified as the Commercial Operations Date in any Terminal Use Agreement for use of the LNG Facility that is in place at the time of the Commencement of Construction.

"Commencement of Construction" shall mean the date on which the full and final notice to proceed with construction shall have been given to the contractor pursuant to the Engineering, Procurement and Construction contract to be entered into between LNG and the contractor to be engaged to design and construct the LNG Facility.

"Construction Term" shall have the meaning given such term in Section 3.02.

"Port" shall mean the Calhoun Port Authority, the body politic and governmental subdivision identified in the opening recital of this Lease, and its successors and assigns and subsequent owners of the Leased Premises.

"Port's Tariffs" shall mean the rates, rules, regulations, policies and tariffs issued, adopted, amended and reissued by Port from time to time (including, without limitation, Tariff No. 003).

"Dock" shall mean the docks and slips to be constructed in the location depicted on Exhibit "B" attached hereto pursuant to the terms hereof.

"Dock Easement" shall have the meaning set forth in Section 2.02(a) hereof.

"Easement Area" shall have the meaning set forth in Section 2.02(a) hereof.

"Event of Default" shall have the meaning set forth in Section 15.01 hereof.

"Force Majeure" shall mean:

- (a) acts of God, landslides, lightning, earthquakes, hurricanes, tornadoes, blizzards and other adverse and inclement weather, fires, explosions, floods, acts of a public enemy, wars, blockades, insurrections, riots or civil disturbances;
- (b) labor disputes, strikes, work slowdowns, or work stoppages;
- (c) orders or judgments of any federal, state or local court, administrative agency or governmental body, if not the result of willful or negligent action of the party relying thereon;
- (d) power failure and outages affecting the Leased Premises; and

- (e) closure of the Port Facilities or inability to access the Dock or the remainder of the Leased Premises provided that the foregoing is beyond the reasonable control of the party claiming Force Majeure.

"Hardship Notice" shall have the meaning set forth in Section 4.07 hereof.

"Hazardous Materials" shall have the meaning ascribed to it in Section 4.03 hereof.

"Impositions" shall mean (a) all real estate, personal property, rental, water, sewer, transit, use, occupancy and other taxes, assessments, charges, excises and levies which are imposed upon or with respect to (1) the Leased Premises or any portion thereof, or the sidewalks, streets or alley ways adjacent thereto, or the ownership, use, occupancy or enjoyment thereof or (2) this Lease and the Rent payable hereunder; and (b) all charges for any easement, license, permit or agreement maintained for the benefit of the Leased Premises (other than the Dock, Dock Easement and Right-of-Ways).

"Improvements" shall mean all improvements constructed on the Leased Premises and the Dock Easement during the term of this Lease.

"Land Rent" shall mean the annual Land Rent, Through-Put Cargo Rental and all other amounts provided for under this Lease to be paid by LNG, whether as additional Rent or otherwise.

"Leased Premises" shall have the meaning given such term in the Recitals hereto.

"Legal Requirements" shall mean any and all (a) judicial decisions, orders, injunctions, writs, statutes, rulings, rules, regulations, promulgations, directives, permits, certificates or ordinances of any governmental authority in any way applicable to LNG or the Leased Premises, including zoning, environmental and utility conservation matters, (b) Port's Tariffs, (c) insurance requirements and (d) other documents, instruments or agreements (written or oral) relating to the Leased Premises or to which the Leased Premises may be bound or encumbered.

"LNG Facility" shall mean the LNG Facility (including but not limited to the Dock) to be constructed on the Leased Premises.

"Minimum Through-Put" shall have the meaning given such term in Section 5.02.

"Partial Taking" shall mean any Taking of less than all of the Leased Premises such that the portion remaining can, in LNG's good faith judgment reasonably exercised, be restored to an economically viable operation.

"Permitted Mortgage" shall have the meaning given such term in Section 8.03.

"Permitted Mortgagee" shall have the meaning given such term in Section 8.03.

"Permitted Use" shall mean the operation and development of an LNG receiving, berthing, storage, transfer, separation and regassification facility and ancillary uses reasonably related thereto.

"Permitted Transfer" shall have the meaning given such term in Section 8.01.

"Permitted Violations" shall have the meaning given such term in Section 17.06.

"Port Facilities" shall mean all channels, waterways, docks, slips and other facilities and improvements owned, operated or controlled by Port (other than the LNG Facility) which are necessary for access to, or the use and operation of, the LNG Facility as contemplated hereunder.

"Pre-Construction Term" shall have the meaning given such term in Section 3.01.

"Primary Term" shall have the meaning given such term in Section 3.03.

"Primary Term Commencement Date" shall mean the date which is the earlier to occur of (a) the date of Commencement of Commercial Operations or (b) December 1, 2014, subject to extension for Force Majeure as herein provided.

"Renewal Terms" shall have the meaning given such term in Section 3.04.

"Rent" shall mean Land Rent, Through-Put Cargo Rental and any other tariffs or other amounts payable hereunder.

"Right-of-Ways" shall mean right-of-ways and easements, defined and granted in separate instruments to be entered into following the Effective Date, as generally depicted on Exhibit "C" attached hereto.

"Taking" shall mean the taking, damaging or destroying of all or any portion of the Leased Premises as a result of the exercise of the power of eminent domain or condemnation for public or quasi-public use or the sale or conveyance of any of the Leased Premises under the threat of condemnation.

"Taking Date" shall mean with respect to any Taking, the date on which possession of any of the Leased Premises subject to such Taking is transferred or any of the Leased Premises is damaged or destroyed in connection with such Taking.

"Term" means the Pre-Construction Term, the Construction Term, the Primary Term and any Renewal Terms, as applicable.

"Terminal Use Agreement" shall have the meaning given such term in Section 8.01.

"Through-Put" shall mean product transferred across Port's docks.

"Through-Put Cargo Rental" shall mean the Port's wharfage fees set on product transferred across Port's docks by LNG.

"Through-Put Deficiency" shall have the meaning given such term in Section 5.02.

"Total Taking" shall mean any Taking of all or substantially all of the Leased Premises, or of so much of the Leased Premises that the portion remaining cannot, in LNG's reasonable business judgment, be restored to an economically viable operation.

"Transfer" shall have the meaning given such term in Section 8.01.

Article 2. Leased Premises.

Section 2.01. Description of the Leased Premises. Subject to the provisions of this Lease, Port hereby leases, demises and lets to LNG, and LNG hereby leases from Port, (a) the Leased Premises, and (b) all Improvements thereon or hereafter added to the Leased Premises. In addition, the Port shall use its commercially reasonable best efforts to extend the Port's boundaries to include certain land (the "**Additional Land**") containing approximately 36 acres depicted on Exhibit "A-2" hereto and made a part hereof for any and all purposes together with such additional land adjacent thereto that may be created and located to the South of the approximately 70.71 acre parcel to provide for a total Leased Land of up to 141.5 acres in the aggregate. Upon such extension of the Port's boundaries, Port shall provide written notice to LNG of such fact, and LNG shall have the first right and option to add the Additional Land to the Leased Premises by giving written notice to Port at any time following receipt of such notice; provided, however, that in the event Port intends to lease the Additional Land to a third party, Port shall give written notice thereof to LNG and LNG shall have a period of thirty (30) days to exercise its rights to add the Additional Land to the Leased Premises. In the event the Additional Land is added to the Leased Premises, Land Rent payable for the lease of the Additional Land shall be the same amount per acre payable for the 70.71 acres. To evidence the addition of the Additional Land to the Leased Premises, the parties shall enter into an amendment to this Lease. Any Additional Land leased to LNG shall be AS IS, WITH ALL FAULTS, IF ANY, AND WITHOUT ANY WARRANTY WHATSOEVER, EXPRESS OR IMPLIED regarding the condition of the Additional Land.

Both parties acknowledge that Port shall have the right to use certain portions of the Leased Premises to be mutually approved by Port and LNG in writing provided that such use does not materially interfere with LNG's use and enjoyment of the rights and privileges granted herein, including, but not limited to, LNG's Permitted Use thereof.

Section 2.02. Right-of-Ways.

- (a) **Dock Easement.** Port hereby grants to LNG during the term of this Lease (i) an exclusive easement over the approximately 9 acres of land depicted on Exhibit "B" attached hereto and made a part hereof for any and all purposes (the "**Easement Area**") and (ii) a non-exclusive easement over the Dock for the construction, operation, use, and maintenance of the dock and for access, ingress and egress, by any means between the Dock and the LNG Facility (collectively, the "**Dock Easement**"). Except for the non-exclusive nature of the grant of the easement with respect to the Dock or as otherwise expressly provided herein, the Dock and the Easement Area and the Right-of-Ways shall be considered part of the Leased Premises for all purposes hereunder. No additional Land Rent or Impositions shall be payable with respect to the Dock or Dock Easement.
- (b) **Additional Right-of-Ways.** Both parties acknowledge that it will be necessary to execute nonexclusive right-of-ways and/or easements for the benefit of LNG for

utilities, pipelines and other purposes related to the LNG Facilities. Both parties agree to execute these documents in a prompt manner. Without limiting the generality of the foregoing, the parties agree that Right-of-Ways shall be granted over the areas depicted on Exhibit "C" attached hereto and made a part hereof for any and all purposes. No additional Land Rent or Impositions shall be payable with respect to the Right-of-Ways other than the prevailing charges imposed by Port for pipe racks.

- (c) **Priority of LNG; Restrictions on Use.** Notwithstanding the non-exclusive nature of such easement or right-of-ways, use of the Dock and other Right-of-Ways by LNG and/or users of the LNG Facility shall have absolute preference over the use thereof by third parties and any such use of the Dock and other Right-of-Ways by third parties shall be subject to any and all restrictions and requirements imposed by applicable governmental authorities, including the Federal Energy Regulatory Commission and the Coast Guard, in connection with the use, construction, maintenance, repair, replacement and operation of the Dock, the Easement Area and other Right-of-Ways as part of the LNG Facility.

Section 2.03. Financing Agreement Remains in Effect. So long as this Lease remains in effect, the provisions of this Lease shall constitute the lease contemplated by Section 4.03 of the Financing Agreement; provided that Port and LNG agree that the provisions of Section 4.03(f) of the Financing Agreement limiting the lease term to twenty (20) years shall not apply. In the event LNG exercises its right to terminate this Lease as set forth in Section 3.01 below, then (a) if LNG notifies Port of such fact in LNG's notice of termination pursuant to Section 3.01, the provisions of Section 4.03 of the Financing Agreement shall be reinstated and (b) if LNG fails to notify Port of the reinstatement of Section 4.03 of the Financing Agreement, then Section 4.03 of the Financing Agreement shall not be reinstated. Except as provided in the preceding sentence, the Financing Agreement remains in full force and effect.

Article 3. Term. The Term shall include the Pre-Commencement Term, the Primary Term and all properly exercised Renewal Terms, as applicable.

Section 3.01. Pre-Construction Term; Termination Right. The "Pre-Construction Term" shall commence on the Effective Date and shall continue until the earlier to occur of (a) Commencement of Construction or (b) December 31, 2010, subject to extension for Force Majeure. At any time during the Pre-Construction Term, LNG shall have the right, in its sole and absolute discretion, to terminate this Lease upon not less than thirty (30) days written notice to Port.

Section 3.02. Construction Term. The "Construction Term" shall commence upon the expiration of the Pre-Construction Term and end on the Primary Term Commencement Date.

Section 3.03. Primary Term. The "Primary Term" shall commence on the Primary Term Commencement Date and shall continue until the thirtieth (30th) anniversary of the Effective Date.

Section 3.04. Renewal Terms. To the maximum extent permitted by applicable law then in effect, Port shall negotiate in good faith for a new lease on substantially the same terms and conditions as set forth herein. If permitted under applicable law then in effect, LNG shall have the right and option to extend the Primary Term for four (4) successive five (5) years periods (the "**Renewal Terms**"). In order to extend the Primary Term for the first Renewal Term, LNG must give Port written notice of LNG's intent to renew this Lease no less than twelve (12) months prior to the expiration date of the Primary Term. In order to renew this Lease for additional Renewal Terms, LNG must give Port written notice of LNG's intent to renew this Lease no less than twelve (12) months prior to the expiration date of the previous Renewal Term. Rent payable during any Renewal Term shall be negotiated in good faith by LNG and Port following the receipt of such notice by the Port. Provided LNG and Port agree upon the fair market Rent to be payable during a Renewal Term (taking into consideration the value of the Improvements constructed by LNG), this Lease shall automatically renew for the applicable Renewal Term. If LNG fails to timely exercise its right to renew this Lease for the first Renewal Term or any subsequent Renewal Term, or if LNG and Port are unable to mutually agree upon the Rent to be paid during such Renewal Term, then this Lease and all further renewal rights will terminate as of the end of the Primary Term or the Renewal Term then in effect, as applicable.

Section 3.05. Port's Special Termination Right. Notwithstanding any other provision of this Lease to the contrary, so long as no Event of Default by Port exists hereunder, if Port has approved the plans and specifications for the LNG Facility pursuant to Section 6.03, and Commencement of Construction has not occurred prior to December 31, 2010, as the same may be extended for Force Majeure, Port shall have the right to terminate this Lease upon not less than ninety (90) days written notice to LNG, unless during such ninety (90) day period LNG causes Commencement of Construction to occur.

Article 4. Use.

Section 4.01. Permitted Use. LNG shall use the Leased Premises for the development, construction, operation, maintenance and repair of the LNG Facility and for any other lawful use ancillary and reasonably related thereto (the "**Permitted Use**").

Section 4.02. Specifically Prohibited Use. LNG will not (a) use, occupy or permit the use or occupancy of the Leased Premises or use Port's other property for any purpose or in any manner which is or may be, directly or indirectly, (1) inconsistent with the requirements of this Lease, (2) violative of any of the Legal Requirements, (3) dangerous to life, health, the environment or property, or a public or private nuisance or (4) disruptive to the activities of any other LNG tenant or occupant of property adjacent to the Leased Premises, (b) commit or permit to remain any waste to the Leased Premises or (c) commit, or permit to be committed, any action or circumstance in or about the Leased Premises which, directly or indirectly, would or might justify any insurance carrier in canceling the insurance policies maintained by LNG on the Leased Premises and Improvements thereon. Port hereby confirms to LNG that the use of the Leased

Premises for the Permitted Use shall not constitute a prohibited use hereunder so long as the same is conducted in compliance with applicable Legal Requirements.

Section 4.03. Environmental Restrictions. LNG shall not cause or permit any Hazardous Materials to be generated, treated, stored, manufactured, disposed or released on or about the Leased Premises or transferred or transported to the Leased Premises in contravention of any Legal Requirements. Any use of Hazardous Materials by any person on the Leased Premises shall be in strict conformance with all Legal Requirements. The term "**Hazardous Materials**" shall mean any flammables, explosives, radioactive materials, hazardous waste, toxic substances or related materials, including substances defined as "hazardous substances," "hazardous materials," "toxic substances" or "solid wastes" in the comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C.A. Sec. 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C.A. Sec. 1801, et seq.; the Resources Conservation and Recovery Act, 42 U.S.C.A. Sec. 6901, et seq.; the Toxic Substance Control Act, as amended, 15 U.S.C.A. Sec. 2601 et seq.; the Texas Solid Waste Disposal Act, Tex. Rev. Civ. Stat. Ann. Art. 4477-7; or any other Legal Requirement.

In the event persons other than LNG (or persons under LNG's control) cause or permit any Hazardous Materials to be generated, treated, stored, manufactured, disposed or released on the Leased Premises, Port shall use commercially reasonable best efforts to ensure that said party remediates such condition.

Section 4.04. Notification of Potential Liability Triggering Event. Within two (2) business days following receipt thereof, LNG shall notify and provide Port with all copies of written notices, demands, lawsuits, or other correspondence from any federal, state or local governmental agency or private party including, but not limited to, the following:

- (a) The violation of any federal, state, or local statute or regulation;
- (b) The loss of any operating permit;
- (c) Any enforcement action undertaken by any federal, state or local governmental agency, or any private party;
- (d) The institution of any lawsuit by any governmental entity or any private party; or
- (e) The service of a potentially responsible party demand letter from any private or governmental party.

Section 4.05. Consequences of LNG's Violation of Environmental Legal Requirements. In the event LNG's violation of environmental Legal Requirements expose Port to fines or penalties as the owner of the Leased Premises, Port may, subject to LNG's right to contest the same as provided in Section 17.06 below, require LNG to immediately pay any fines or penalties levied against Port as the owner of the Leased Premises that are attributable, in any way, to the actions of LNG or take any other action Port deems appropriate. Nothing in this Lease shall prohibit Port from bringing an action

to enjoin any violation of this Lease by LNG relating to violations of environmental Legal Requirements.

Section 4.06. INDEMNIFICATION. IT IS EXPRESSLY AGREED AND UNDERSTOOD THAT LNG SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS PORT, ITS EMPLOYEES, AGENTS, OFFICERS, DIRECTORS, AND BOARD MEMBERS, FROM ANY AND ALL CLAIMS, CAUSES OF ACTION, DEMANDS, DAMAGES (INCLUDING WITHOUT LIMITATION REASONABLE LEGAL FEES, COSTS AND EXPENSES), ENFORCEMENT ACTIONS, OR PENALTIES, ARISING OUT OF THE PLACEMENT, TRANSPORTATION, USE, MANUFACTURE, HANDLING, CREATION, STORAGE, TREATMENT, DISCHARGE, OR RELEASE OF ANY HAZARDOUS MATERIALS TO, ON OR FROM THE LEASED PREMISES DURING THE TERM OF THIS LEASE BY LNG, OR LNG'S AGENTS, SERVANTS, EMPLOYEES, CONTRACTORS, SUB-CONTRACTORS OR INVITEES.

Section 4.07. Existing Hazardous Materials. Port and LNG agree that LNG shall have no responsibility for any Hazardous Materials located at, on or under the Leased Premises prior to the Effective Date. If, during the Pre-Construction Term or the Construction Term, or upon the addition of any of the Additional Land to the Leased Premises, Hazardous Materials are discovered at, on or under the Leased Premises in quantities requiring remediation under applicable environmental Legal Requirements, then Port shall be responsible for remediating or causing the remediation of such Hazardous Materials. Notwithstanding the foregoing, if Port determines in its reasonable discretion that the cost of any such remediation would create a financial hardship for Port, then Port shall give notice (a "Hardship Notice") to LNG as soon as practicable. LNG shall have ninety (90) days following the date of such notice to elect either to (a) terminate this Lease, in which event LNG shall have no liability for such remediation or (b) assume the obligation to remediate such Hazardous Materials to the extent required under applicable environmental Legal Requirements. In the event (x) any Hazardous Materials are determined to be present in, on or under the Leased Premises prior to the Effective Date, (y) Port delivers a Hardship Notice and (z) LNG elects alternative (b) set forth above, Port shall use its best efforts to pursue any indemnification, contribution or other claims it may have against ALCOA or any other third party in connection with such Hazardous Materials and shall, to the extent of a recovery by Port from ALCOA or any third party therefore (i) pay to LNG all recoveries for the cost of remediation, and (ii) reimburse LNG for the amount of any legal fees incurred by LNG in connection therewith (and LNG shall be subrogated to the rights of Port to pursue any and all claims against third parties relating to such Hazardous Materials).

Article 5. Rent.

Section 5.01. Land Rent.

- (a) From the Effective Date and continuing through December 31, 2009, LNG shall pay to Port the sum of Fifty Thousand Dollars (\$50,000.00) annually as the Land Rent for the Leased Premises.
- (b) Commencing on January 1, 2010 and continuing until the earlier to occur of December 31, 2010 or the Primary Term Commencement Date, LNG shall pay to Port the sum of One Hundred Thousand Dollars (\$100,000.00) annually as the Land Rent for the Leased Premises.
- (c) Following the earlier to occur of January 1, 2011 or the Primary Term Commencement Date and thereafter during the Primary Term, LNG shall pay to Port the sum of Five Hundred Thousand Dollars (\$500,000.00) annually as the Land Rent for the Leased Premises.
- (d) On January 1 of the calendar year following the fifth (5th) anniversary of the Primary Term Commencement Date and on January 1 following each five year anniversary date thereafter, the annual Land Rent shall increase by three percent (3.0%) of the amount payable during the preceding calendar year.
- (e) Land Rent for the calendar year during which the Effective Date occurs shall be payable on or before the Effective Date. Thereafter, Land Rent (with appropriate prorations for partial months) shall be payable on the first (1st) day of January during each calendar year during the Term.

Section 5.02. Minimum Through-Put. In addition to such Land Rent, the users of the LNG Facility shall pay all Through-Put Cargo Rental applicable under Port's prevailing tariff(s) as that Through-Put accrues. Except as otherwise provided herein, following the Primary Term Commencement Date and thereafter during each fiscal year during the term of this Lease, LNG guarantees Port a Through-Put of 7,800,000 short tons (the "**Minimum Through-Put**"). In the event the Minimum Through-Put requirements for any fiscal year are not met, Port shall invoice LNG at the current tariff rate for the difference (the "**Through-Put Deficiency**") between (i) the Through-Put Cargo Rental Port would have received had the Minimum Through-Put been satisfied and the actual amount of Through-Put Cargo Rental received by Port with respect to the LNG Facility. The Through-Put Deficiency, if any, shall be billed by Port on an annual fiscal basis following the expiration of the applicable fiscal year and shall be due and payable within thirty (30) days after Port provides LNG with a written invoice therefor. All other Through-Put Cargo Rental shall be billed as it accrues. Port shall prorate the Minimum Through-Put for the fiscal year in which the LNG Facility goes into operations. Through-Put Cargo Rental shall be applied without duplication (meaning that the same Through-Put Cargo Rental shall not be assessed more than one time for any given product moved through the Dock in any given period).

Section 5.03. Place of Payment. Rental due hereunder shall be paid to Port at its address for notice hereunder or to such other person or at such other address in Calhoun County, Texas, as Port may from time to time designate in writing. Rent shall be paid in legal tender of the United States of America without notice, demand, abatement, deduction or offset except as herein provided.

Section 5.04. Delinquent Payments. All Rent and other payments required of LNG hereunder which are not paid within ten (10) days following receipt of written notice from Port shall bear interest at the maximum rate allowed by law (or, if there is no maximum rate, at ten percent (10%) per annum) from the date due until the date paid. In no event, however, shall the charges permitted under this Section or elsewhere in this Lease, to the extent any or all of the same are considered to be interest under applicable law, exceed the maximum rate of interest allowable under applicable law.

Section 5.05. Acknowledgment. Port hereby acknowledges and confirms that LNG has paid \$4,166.66 per month (equal to \$50,000.00) per year since the date of the Financing Agreement. The parties agree that such amount represents the full amount due and payable pursuant to Section 4.03 of the Financing Agreement notwithstanding anything to the contrary set forth therein.

Article 6. Construction, Ownership and Operation of Improvements.

Section 6.01. Construction. Following the Effective Date, LNG shall use commercially reasonable efforts to obtain all necessary permits and licenses for the construction and operation of the LNG Facility and to prepare or cause to be prepared plans and specifications for the construction of the LNG Facility. Subject to Force Majeure, and to LNG's and Port's rights to terminate this Lease as herein provided, LNG shall use commercially reasonable efforts to cause Commencement of Construction to occur on or before December 31, 2010. Subject to Force Majeure, LNG shall use commercially reasonable efforts to cause Commencement of Commercial Operations to occur on or before November 30, 2014.

Section 6.02. Title to Improvements. During the Term of the Lease, title to all Improvements, fixtures and equipment constructed or located on the Leased Premises by LNG shall be vested in LNG. Upon the expiration or sooner termination of this Lease, LNG shall remove all of its improvements upon the expiration or earlier termination of the Lease and LNG shall repair all damage to the premises caused by such removal at LNG's cost, expense and liability. If LNG fails to remove its improvements within one hundred eighty (180) days of the expiration or earlier termination of the Primary Term, as the same may be extended by any Renewal Terms, then, at Port's election, (1) LNG's rights, title and interest in and to such improvements shall be vested in Port without the necessity of executing any conveyance instruments or (2) Port shall be entitled to remove and store such improvements at LNG's cost, expense and liability; provided that if Port elects alternative (2) and LNG fails to pay such cost or expense in connection with the removal or storage of such improvements within one hundred twenty (120) days following written notice from Port, then Port may elect alternative (1). The exercise of either of these options shall not relieve LNG for any deficiency should the cost of removal be greater than the proceeds of the sale of the improvements. To the extent permitted by law and notwithstanding any other terms hereof, the Port and LNG may agree in writing that LNG's improvements may be abandoned in place and not removed by LNG after the termination of this Lease. It is understood and agreed by both parties to this contract that Port is the approving authority as to the removal or non-removal of property from the Leased Premises, and the decision of the authority shall govern but shall not be exercised in an unreasonable manner. In the event LNG removes the LNG

Facility it shall restore the land to its original condition or to a condition reasonably acceptable to the Port.

Section 6.03. Plans and Specifications. Prior to Commencement of Construction, LNG shall submit to Port LNG's initial plans and specifications for the Improvements for written approval by Port, which approval shall not be unreasonably withheld, conditioned or delayed. Following receipt of approval, or deemed approval as provided below, of such plans and specifications, and receipt of all necessary permits and licenses, LNG shall construct the Improvements substantially in accordance with plans and specifications approved by Port. Copies of all change orders shall be provided to Port; provided, however, that only change orders to such plans and specifications the cost of which exceeds One Million Dollars (\$1,000,000) and which are not otherwise required by any Legal Requirement must be approved by Port in advance, which approval shall not be unreasonably withheld, conditioned or delayed. Port shall have a period of thirty (30) days following receipt of the initial plans and specifications thereof to approve or disapprove LNG's plans and specifications and Port shall have ten (10) days following receipt of proposed change orders to the approved plans and specifications to approve or disapprove such change order. In the event of any disapproval, Port shall provide specific reasons for disapproval as well as indicate the changes required to obtain approval. Failure of the Port to respond within such thirty (30) day period or ten (10) day period, as applicable, shall constitute approval of LNG's plans and specifications and/or change orders thereto.

Section 6.04. Confidentiality of Plans and Specifications. To the extent allowed by law, Port will (a) treat all plans and specifications as privileged and confidential materials, as applicable to "Critical Energy Infrastructure" projects under federal law, (b) maintain such plans and specifications in a non-public file, exempt from public disclosure and (c) not disclose such plans and specifications to third parties without the written consent of LNG (unless such disclosure is required by law or in connection with litigation relating to this Lease).

Section 6.05. Permits. LNG will use good faith efforts to obtain and maintain in effect at all times during the Term all permits, licenses and consents required or necessary for the construction, installation, maintenance, use and operation of the Improvements and LNG's use and occupancy of and operations at the Leased Premises. Commencement of Construction may not commence and no operations shall be permitted unless all applicable permits, licenses and consents are obtained and remain in effect.

Section 6.06. Alterations & Improvements After Initial Construction. After the Improvements set forth above have been completed, LNG will not make, or permit to be made, any alterations, improvements or additions to, or install, or permit to be installed, any fixture or equipment in or on the Leased Premises which would cause the Leased Premises not to comply with applicable Legal Requirements. All improvements made, placed, or constructed on the Leased Premises by LNG shall be maintained at the sole cost and expense of LNG. LNG shall construct and install its improvements in a good and workmanlike manner.

Section 6.07. Condition of Leased Premises. LNG acknowledges that it has independently and personally inspected the Leased Premises and that it has entered into this Lease based upon such examination and inspection. Except as expressly set forth herein, LNG accepts the Leased Premises in its present condition, **"AS IS, WITH ALL FAULTS, IF ANY, AND WITHOUT ANY WARRANTY WHATSOEVER, EXPRESS OR IMPLIED,"** other than the warranty of quiet enjoyment; specifically, without limiting the generality of the forgoing, without any warranty of (a) the nature or quality of any construction, structural design or engineering of any Improvements currently located at or constituting a portion of the Leased Premises, (b) the quality of the labor and materials included in any such Improvements, or (c) the soil and environmental conditions existing at the Leased Premises and the suitability of the Leased Premises for any particular purpose or developmental potential. Except as set forth in Section 4.06, Port shall not be required to make any Improvements to the Leased Premises or to repair any damages to the Leased Premises unless caused by the acts or omissions of Port.

Section 6.08. Repair and Maintenance. LNG shall maintain the Leased Premises at all times during the Term in a good, clean, safe, operable and well-kept condition, and will not commit or allow to remain any waste or damage to any portion of the Leased Premises. Without limiting the generality of the foregoing, subject to Force Majeure and to delays caused by casualty or condemnation, LNG shall keep the LNG Facility in such a condition as will permit product to be received and/or transported by or through the LNG Facility upon such advance notice as may be required under any Terminal Use Agreement entered into by LNG with its customers.

Section 6.09. Laborers and Mechanics. LNG shall pay for all labor and services performed for, materials used by or furnished to LNG, or used by or furnished to any contractor employed by LNG with respect to the Leased Premises and hold Port and the Leased Premises harmless and free from any such liens, claims, encumbrances or judgments created or suffered by LNG. In the event any mechanics' or materialmen's liens are filed against Port's fee title to the Leased Premises, then LNG shall at LNG's expense cause the same to be released or removed of record (by payment of the claim, filing the necessary bond or otherwise) as soon as practicable following notice by Port to LNG of the existence thereof.

Section 6.10. Operation by Port. At all times during the Term of this Lease, Port shall continuously operate or cause to be operated the Port Facilities and shall maintain all Port Facilities (other than the LNG Facility) in good condition and repair, subject to Force Majeure and to delays caused by casualty or condemnation. Port shall use commercially reasonable efforts to re-commence operations of the Port Facilities as soon as possible following the occurrence of any cessation of operations. In the event LNG or its customers are prevented from receiving deliveries or transporting product to or from the LNG Facility or any material portion thereof as a result of any whole or partial shutdown or closure of the Port Facilities which is not caused by LNG or its customers or persons within the control of LNG or its customers, Rent, including Land Rent and Minimum Through-Put requirements shall equitably abate from the date of such shutdown or closure of the Port Facilities until the date the Port Facilities are reopened.

Article 7. Impositions. During the Term, LNG shall pay or cause to be paid as and when the same shall become due, all Impositions. Impositions that are payable by LNG for the tax year in which Commencement Date occurs as well as during the year in which the Term ends shall be apportioned so that LNG shall pay its proportionate share of the Impositions payable for such periods of time. Where any Imposition that LNG is obligated to pay may be paid pursuant to law in installments, LNG may pay such Imposition in installments as and when such installments become due. LNG shall deliver to Port evidence of payment of all Impositions LNG is obligated to pay hereunder, concurrently with the making of such payment. LNG shall, within sixty (60) days after payment of any Imposition, deliver to Port copies of the receipted bills or other evidence reasonably satisfactory to Port showing such payment. Port represents and warrants that the Leased Premises are and shall continue to be during the Term of this Lease a separate and distinct parcel so as not to be combined with other properties of Port for purposes of any real estate taxes that may be payable by LNG hereunder. Provided LNG pays all costs and expenses (including without limitation, attorneys' fees) incurred by Port, Port agrees to reasonably cooperate with LNG in applying for any legally available exemption from or abatement of Impositions or a reduction in the assessed value of the Leased Premises or any Improvements thereon.

Article 8. Assignment, Subletting and Financing.

Section 8.01. Assignment and Subletting. LNG shall not, without the prior written consent of Port (which consent shall not be unreasonably withheld, conditioned or delayed), (a) assign, transfer, or encumber this Lease or any estate or interest herein, whether directly or by operation of law, (b) permit any other entity to become the tenant hereunder by merger, consolidation, or other reorganization, (c) permit the transfer of an ownership interest in LNG so as to result in a change in control of LNG or LNG's general partner, (d) sublet any portion of the Leased Premises, (e) permit the use of the Leased Premises by any parties other than LNG (except LNG's customers in the ordinary course of business), or (f) grant any license, concession, or other right of occupancy of any portion of the Leased Premises (any of the foregoing events listed being hereafter referred to as a "**Transfer**"). For the purposes of this definition, "**change in control**" means the transfer of ownership of voting securities constituting more than fifty percent (50%) of the outstanding voting securities of the entity. In determining whether to grant or withhold its consent, Port shall consider the financial condition of the proposed assignee as well as the experience of the assignee or its operating partner or contractor as an operator of LNG facilities. The term "Transfer" does not include (a) an agreement between LNG and one or more of its customers for the use of the LNG Facility (a "**Terminal Use Agreement**") unless, as part of such Terminal Use Agreement, LNG's customer(s) takes over direct operation of any material part of the LNG Facility; or (b) the transfer of securities listed on the New York or other recognized stock exchange even in the event such transfer results in a change in control.

Any Transfer without the prior written consent of Port shall be voidable.

Notwithstanding the foregoing, Port agrees that Port's consent shall not be required to any mortgage or encumbrance by LNG of this Lease and LNG's leasehold interest in the Leased Premises to a bona fide third party lender in accordance with Section 8.02 (a "**Permitted Transfer**").

In the event of a Transfer pursuant to this Lease, LNG shall provide Port with written notice of the proposed Transfer and supporting information regarding the proposed assignee. Port shall provide written notice to LNG of its approval or disapproval of a proposed Transfer (which approval shall not be unreasonably withheld, conditioned or delayed) within thirty (30) days following the receipt of such notice from LNG. In the event of a disapproval of such Transfer, Port shall specify the reasons therefor and the steps which would be required in order to obtain such consent. Failure by Port to approve or disapprove such Transfer within such thirty (30) day period shall be deemed to constitute Port's consent to the applicable Transfer.

Section 8.02. Continuing Obligations. In the event of a Transfer by LNG under Section 8.01 above, LNG shall be released from its obligations under this Lease accruing from and after the date of such transfer; provided, however, that in the event of a Transfer pursuant to Section 8.01 above to an assignee with a net worth (calculated in accordance with generally accepted accounting principles, consistently applied) which is less than that of LNG, then LNG shall remain fully liable for payment and performance of all of its obligations hereunder unless and until Port shall specifically release LNG of such obligations in writing.

Section 8.03. Leasehold Mortgage and Encumbrance Provisions.

- (a) **LNG's Right to Encumber.** LNG may, from time to time and at any time, without Port's consent or joinder, encumber its leasehold interest in this Lease with one or more deeds of trust, mortgages, or other lien instruments to secure any borrowings or obligations of LNG. Any such mortgages, deeds of trust, and/or other lien instruments, and the indebtedness secured thereby, provided that Port has been given notice thereof as set forth in Section (b) below, are herein referred to as "**Permitted Mortgages**" and the holder or other beneficiary thereof are herein referred to as "**Permitted Mortgagees.**" No lien of LNG upon its interest in this Lease and the leasehold estate hereby created shall encumber or affect in any way the interest of Port hereunder or in and to the Leased Premises, except insofar as Port is obligated to take certain actions as to Permitted Mortgagees as provided in this Section 8.03.
- (b) **Mortgagee Protective Provisions.** If LNG encumbers its interest in this Lease and the leasehold estate hereby created with liens as above provided, then LNG shall notify Port thereof, providing with such notice the name and mailing address of the Permitted Mortgagee in question, Port shall, upon request, acknowledge receipt of such notice, and for so long as the Permitted Mortgage in question remains in effect the following shall apply:
 - (i) Port shall give to the Permitted Mortgagee a duplicate copy of any and all notices which Port gives to LNG pursuant to the terms hereof, including notices of default, and no such notice shall be effective until such duplicate copy is sent to such Permitted Mortgagee in the manner provided in Section 17.11 (to the most recent address for such Permitted Mortgagee provided to Port).

(ii) No amendment, modification or termination of this Lease by LNG shall be effective as against a Permitted Mortgagee without the prior written consent of such Permitted Mortgagee.

(iii) If an Event of Default should occur hereunder, then Port specifically agrees that:

(A) Port shall not enforce or seek to enforce any of its rights, recourses, or remedies, including but not limited to termination of this Lease or LNG's right to possession hereunder, until a notice specifying the event giving rise to such Event of Default has been given to the Permitted Mortgagee in the manner provided in Section 17.11 (to the most recent address for such Permitted Mortgagee provided to Port), and if the Permitted Mortgagee proceeds to cure the Event of Default within a period of thirty (30) days after receipt of such notice or, as to Events of Default which by their very nature cannot be cured within such time period, the Permitted Mortgagee, to the extent it is able to do so, commences curing such Event of Default within such time period and thereafter diligently pursues such cure to completion, then any payments made and all things done by the Permitted Mortgagee to effect such cure shall be as fully effective to prevent the exercise of any rights, recourses, or remedies by Port as if done by LNG;

(B) if the Event of Default is a non-monetary default that a Permitted Mortgagee cannot reasonably cure without being in possession of the Leased Premises, then for so long as the Permitted Mortgagee is diligently and with continuity attempting to secure possession of the Leased Premises (whether by foreclosure or other procedures), provided the Permitted Mortgagee cures any monetary Events of Default as well as any other Events of Default that are reasonably susceptible of then being cured by the Permitted Mortgagee, then Port shall allow the Permitted Mortgagee such time as may be reasonably necessary under the circumstances to obtain possession of the Leased Premises in order to cure such Event of Default, and during such time Port shall not enforce or seek to enforce any of its rights, remedies or recourses hereunder; and

(C) if the Event of Default is a non-monetary default of such a nature that it is not reasonably susceptible of being cured by the Permitted Mortgagee (as, for example, a non-permitted assignment by LNG), then Port shall not enforce or seek to enforce any of its rights, remedies, or recourses hereunder so long as Permitted Mortgagee pays all Rent then due and thereafter keeps the monetary obligations of LNG hereunder current and complies with those other provisions of this Lease which, by their nature, Permitted Mortgagee may then reasonably satisfy.

(iv) Should the Lease be terminated for any reason other than expiration of the stated Term or the early termination as provided herein, then the Permitted Mortgagee shall have the right and option, exercisable by delivering notice to Port not later than sixty (60) days after receipt from Port of written notice of such termination (which notice Port agrees to give) to elect to receive, in its own name or in the name of its nominee or assignee, a new lease of the Leased Premises for the unexpired balance of the Term on the same terms and conditions as herein set forth, having the same priority as this Lease, and Port agrees to execute such new lease

provided such Permitted Mortgagee shall undertake forthwith to remedy any then uncured Default reasonably susceptible by its nature of being remedied by such Permitted Mortgagee, including the payment of any amount due hereunder.

(v) No Permitted Mortgagee shall be or become liable to Port as an assignee of this Lease until such time as such Permitted Mortgagee, by foreclosure or other procedures, shall either acquire the rights and interests of LNG under this Lease or shall actually take possession of the Leased Premises, and upon such Permitted Mortgagee's assigning such rights and interests to another party pursuant to Section 8.01 above or upon relinquishment of such possession, as the case may be, such Permitted Mortgagee shall have no further such liability.

(vi) If any prospective Permitted Mortgagee requires modifications to this Lease as a condition to granting a Permitted Mortgage, Port shall not unreasonably withhold its consent to such modifications, provided that Port shall not be required to consent to any such modification pertaining to Rent, the Term, or any other material economic provision of this Lease, nor to any modification which would materially decrease Port's rights or increase its burdens or obligations hereunder. Any cost incurred by Port in connection with any such proposed modification shall be borne by LNG.

(vii) Port will execute a confirmation of the foregoing provisions in favor of a prospective Permitted Mortgagee and shall execute a subordination, non-disturbance and attornment agreement in form reasonably acceptable to Port, LNG and a Permitted Mortgagee and if requested by LNG shall provide an opinion of counsel reasonably required by such Permitted Mortgagee to confirm the due execution, authority and enforceability of this Lease as to Port. LNG agrees to reimburse Port for all reasonable expenses of counsel related to the preparation of such legal opinions.

Article 9. Access by Port. Port, its employees, contractors, agents and representatives, shall have the right (and Port, for itself and such persons and firms, hereby reserves the right) to enter the Leased Premises upon not less than forty-eight (48) hours prior notice (which may be verbal or telephonic) and during normal business hours (a) to inspect the Leased Premises, (b) to show the Leased Premises to prospective purchasers or tenants but only within 12 months prior to the expiration of this Lease, (c) to determine whether LNG is performing its obligations hereunder and, if it is not, to perform same at Port's option and LNG's expense or (d) for any other purpose deemed reasonable by Port. In an emergency involving the imminent threat of harm to persons or property, Port (and such persons and firms) shall provide such advance notice as may be reasonable under the circumstances and, if necessary, may use any means to open any door into or in the Leased Premises without any liability therefor. LNG shall have the right to have a representative present during any such entry. Entry into the Leased Premises by Port or any other person or firm named in the first sentence of this Article for any purpose permitted herein shall not constitute a trespass or an eviction (constructive or otherwise), or entitle LNG to any abatement or reduction of Rent, or constitute grounds for any claim (and LNG hereby waives any claim) for damages for any injury to or interference with LNG's business, for loss of occupancy or quiet enjoyment or for consequential damages. Port's entry and presence on the Leased Premises pursuant to this Article 9 shall be subject to all Legal Requirements. Port agrees to comply with all safety and regulatory requirements of LNG when entering upon the property for any reason.

Article 10. Insurance.

Section 10.01. LNG's Insurance. LNG agrees to procure and maintain insurance on the Facility for the full insurable value thereof throughout the Term of this Lease. The policy for such insurance shall have a replacement cost endorsement or similar provision. "Full insurable value" shall mean actual replacement value and such full insurable value shall be confirmed from time to time at the request of Port (but no more frequently than the dates of renewal of such policy) by an independent appraiser acceptable to both parties.

Section 10.02. Minimum Coverages. During the Construction Term, Primary Term and any Renewal Terms of this Lease, LNG shall at a minimum maintain the insurance coverages listed below:

- (a) Commercial general liability, covering claims for bodily injury and property damage liability (Coverage A), personal injury and advertising liability (Coverage B), medical payments liability (Coverage C), and supplementary payments liability for Coverages A and B occurring at the LNG Facility. Such insurance shall contain the following limits: general aggregate limit (other than products-completed operations) of \$10,000,000; products-completed operations aggregate limit of \$10,000,000; personal and advertising injury limit of \$5,000,000; each occurrence limit of \$5,000,000; and medical expense limit of \$5,000,000. Such coverage also shall be endorsed to provide pollution liability coverage extension (ISO Form CG 04 22 1 85).
- (b) Commercial vehicle liability insurance, including coverage for all owned, non-owned and hired vehicles. Such coverages shall afford protection to the limits of at least \$5,000,000 combined single limit each accident for bodily injury and property damage, and \$10,000,000 general aggregate limit.
- (c) Umbrella liability insurance having limits of not less than \$5,000,000 (over and above the limits of liability on the underlying policies specified in clauses (a) and (b) above). Such coverage shall follow the form of the underlying policies specified in clauses (a) and (b) above.
- (d) Workers' Compensation Insurance in compliance with all Federal and State laws, with the following special coverage extensions.
 - (1) Employer's Liability coverage with limits of at least \$1,000,000 per accident.
 - (2) U.S. Longshoremen's and Harbor Workers' Compensation Act endorsement.
- (e) Such other insurance coverages or policies as may be statutorily required.

Section 10.03. Evidence of Insurance. Prior to commencement of this Lease, LNG shall furnish to Port copies of the insurance policies evidencing the placement of the coverages required under this Lease, signed by authorized representatives of the

insurance companies, providing coverage, setting forth all coverages, extensions and limits required to be carried by LNG under the provisions of this Lease. The failure of Port to object to LNG's failure to furnish such policies shall not be deemed a waiver of LNG's obligation to furnish insurance coverage as described above.

Section 10.04. Notice of Cancellation. LNG shall provide thirty (30) days advance written notice to Port of any reduction or cancellation of any coverage required by this Lease.

Section 10.05. Denial of Coverage; Indemnity. In the event that coverage is denied or contested by any underwriter providing to LNG insurance coverage required by this Lease, in whole or in part, because of breach of the terms of such insurance by LNG or because of LNG's failure to maintain any insurance as required herein, LNG shall indemnify, defend, and hold Port harmless against all claims, demands, costs, and expenses, including attorney's fees, which would otherwise be covered by said insurance.

Section 10.06. Additional Insured. All liability insurance policies required to be maintained by LNG or Port under the terms of this Lease shall name as additional insureds the parties, and their respective commissioners, officers, directors, partners, employees, agents and representatives.

Section 10.07. Waiver of Subrogation. All insurance policies required of LNG or Port under the terms of this Lease shall contain provisions that the insurance company shall have no rights of recovery for subrogation (whether by loan receipt, equitable assignment, or otherwise) against LNG, Port, and their respective commissioners, officers, directors, partners, employees, agents, and representatives.

Section 10.08. Port's Insurance. During the Term of this Lease, Port shall at a minimum maintain (or cause to be maintained) as to the Port Facilities and other facilities owned by the Port the same insurance coverages required to be maintained by LNG hereunder with respect to the Leased Premises.

Section 10.09. Insurance Primary. All insurance policies required of LNG or Port under the terms of this Lease shall be endorsed so that they will be primary in relation to any other policies carried by the parties or their respective commissioners, officers, directors, partners, employees, agents, and representatives.

Section 10.10. Deductibles. The deductible under all policies of insurance required of LNG under the terms of this Lease shall be for the account of and shall be absorbed by LNG.

Section 10.11. Other Insurance. All insurance policies required of LNG or Port under the terms of this Lease shall include an "other insurance endorsement" in substantially the following form:

Underwriters acknowledge the existence of insurance carried by [LNG or Port as appropriate], its commissioners, officers, directors, partners, employees, agents, and representatives, and it is understood and agreed that the provisions relating to other

insurance in [LNG's/Port's] policies, if any, shall not be applicable to any insurer of [LNG/Port, its commissioners, officers, directors, employees, agents, and representatives.]

Section 10.12. No Limit on Indemnification. Notwithstanding anything to the contrary herein, the indemnification obligations of a party under this Lease shall not be limited in an amount or scope to the insurance coverage which is required herein.

Section 10.13. Increase in Limits. Not less than once every three (3) years during the Term, Port and LNG shall meet to determine whether an increase in the minimum insurance limits set forth in this Article 10 is warranted in order to be consistent with normal industry practice at similar facilities at the time. If the parties approve an increase, each party shall have ninety (90) days notice to comply with said adjustment.

Section 10.14. Requirements of Policies. All policies of insurance required to be obtained and maintained by LNG shall be issued by licensed insurance companies having an A.M. Best Rating of not less than A:VII (or a similar rating from an alternative rating service in the event that A.M. Best no longer publishes such ratings) and shall have commercially reasonable deductibles.

Section 10.15. Alternative Insurance Coverage. Port may, in writing, approve alternative insurance coverage, if LNG furnishes copies of such policies to Port and as to any liability policies, such insurance names Port as an additional insured. In the event LNG elects to submit alternate insurance coverage, a copy of the Declaration Page of the policy along with any other documentation requested by Port must be furnished to Port within ten (10) days of request by Port.

Article 11. INDEMNITY.

Section 11.01. INDEMNITY. LNG HEREBY INDEMNIFIES AND HOLDS HARMLESS PORT, AND ITS EMPLOYEES, AGENTS, OFFICERS, DIRECTORS AND BOARD MEMBERS FROM AND AGAINST ALL CLAIMS FOR DAMAGES (INCLUDING WITHOUT LIMITATION REASONABLE LEGAL FEES, COSTS AND EXPENSES) TO LEASED PREMISES OR INJURY TO PERSONS CAUSED BY ANY CONSTRUCTION, MAINTENANCE OR OPERATION OF THE IMPROVEMENTS AND USE OF THE LEASED PREMISES BY LNG AND LNG'S AGENTS, SERVANTS, CONTRACTORS, SUB-CONTRACTORS, EMPLOYEES, AND INVITEES; AND EXCEPT AS EXPRESSLY PROVIDED HEREIN, LNG AGREES TO SAVE, INDEMNIFY AND HOLD HARMLESS PORT AGAINST THE CLAIMS AND DAMAGES (INCLUDING WITHOUT LIMITATION REASONABLE LEGAL FEES, COSTS AND EXPENSES) OF ANY AND ALL PERSONS USING THE LEASED PREMISES, SUFFERED OR CLAIMED TO HAVE BEEN SUFFERED, BY ANY ALLEGED CONDITION OF THE LEASED PREMISES FOR WHICH LNG IS RESPONSIBLE HEREUNDER. LNG FURTHER AGREES TO SAVE, INDEMNIFY AND HOLD HARMLESS PORT FROM AND AGAINST ANY AND ALL CLAIMS AND CAUSES OF ACTION (INCLUDING WITHOUT

LIMITATION REASONABLE LEGAL FEES, COSTS AND EXPENSES) WHICH MAY ARISE, FROM WHATSOEVER CAUSE, BY ANY OF THE AGENTS, SERVANTS, CONTRACTORS, SUB-CONTRACTORS, EMPLOYEES OR INVITEES OF LNG ON, OVER AND IN THE USE OF THE LEASED PREMISES.

PORT AND LNG ACKNOWLEDGE THAT THIS STATEMENT AND THE FOREGOING INDEMNIFICATION UNDER THIS ARTICLE IS CONSPICUOUS AND HAS BEEN REVIEWED BY EACH PARTY'S OWN RESPECTIVE INDEPENDENT LEGAL COUNSEL. THE INDEMNIFICATION ARISING HEREIN SHALL SURVIVE THE TERMINATION OF THIS LEASE ONLY WITH RESPECT TO THOSE CLAIMS, DAMAGES, INJURIES AND CAUSES OF ACTION THAT AROSE DURING THE TERM OF THIS LEASE.

Article 12. Casualty Loss.

Section 12.01. Obligation to Restore.

- (a) If all or any part of the Improvements located on (or constituting a part of) the Leased Premises are destroyed or damaged by any casualty during the Term, LNG shall take such measures as required by applicable Legal Requirements to secure the Leased Premises and abate any imminent threat to health or safety resulting therefrom. LNG shall promptly commence and thereafter diligently pursue the settlement of any casualty insurance claims. Within a reasonable period of time following the settlement of insurance claims, LNG shall commence and thereafter prosecute diligently to completion the restoration of the same to substantially the condition in which the destroyed or damaged portion existed prior to the casualty. In the event LNG elects or is required to demolish the remaining Improvements pursuant to the foregoing, or pursuant to clause (ii) below, then either LNG or Port shall have the right to terminate this Lease upon ninety (90) days written notice to the other. In the event LNG is required to or elects to restore the Improvements, LNG will perform such restoration with at least as good workmanship and quality as the Improvements being restored, and in compliance with the provisions of Article 6 hereof. Notwithstanding the foregoing provisions of this subparagraph (a) to the contrary, if (i) all such Improvements are wholly destroyed by any casualty, or are so damaged or destroyed that, in LNG's good faith judgment reasonably exercised, it would be uneconomic to cause the same to be restored (and LNG shall give written notice of such determination to Port within ninety (90) Business Days after the date the casualty occurred), (ii) the cost to restore such damage is not covered by insurance, (iii) the proceeds of such insurance is insufficient to cover the cost (other than the deductible under such policy) of such restoration, (iv) LNG's Permitted Mortgagee refuses to make sufficient insurance proceeds available for such restoration or (v) Legal Requirements prohibit such restoration, then in any of such events LNG shall not be obligated to restore such Improvements and this Lease shall terminate as of the date of the casualty. So long as this Lease remains in effect, Rent payable hereunder shall not abate during such casualty, but any Minimum Through-Put requirements or obligation to pay any Through-Put

Deficiency shall be adjusted as follows (provided, however, that any such adjustment shall cease upon the date the LNG Facility recommences full commercial operations): (A) during the first 12 months from the date of such casualty the Minimum Through-Put requirements and Through-Put Deficiency obligations shall not apply; (B) from the 13th month from the date of such casualty until the 24th month following the date of such casualty, the Minimum Through-Put shall be reduced to 500,000 short tons; (C) from the 25th month following the date of such casualty until the 36th month following the date of such casualty, the Minimum Through-Put shall be 1,000,000 short tons and (D) following the 36th month after the date of such casualty, the full Minimum Through-Put shall be applicable.

- (b) If a casualty loss affecting the Leased Premises occurs, all insurance proceeds arising from policies maintained by LNG for the damages arising from such casualty shall be distributed and paid directly to LNG's Permitted Mortgagee, or if there shall be no Permitted Mortgage in effect, to Port, and Port shall distribute such insurance proceeds to LNG to the extent necessary to reimburse LNG for the costs incurred by LNG in restoring the damaged Leased Premises in satisfaction of this Section 12.01, and any balance of such proceeds remaining after such restoration is complete shall be distributed according to the terms of the documents governing the Permitted Mortgage, or in the absence of a Permitted Mortgage to LNG.

Section 12.02. Notice of Damage. LNG shall immediately notify Port of any destruction of or damage to the Leased Premises.

Article 13. Condemnation.

Section 13.01. Notice. If either party learns that any of the Leased Premises has been or is proposed to be subjected to a Taking, such party shall immediately notify the other of such Taking.

Section 13.02. Continuation of Lease. If, at any time during the term of this Lease, there shall be a Total Taking of all of the Leased Premises, then LNG shall be relieved of its obligations to pay Rent and to perform its other covenants hereunder from and after the Taking Date, and LNG shall surrender the remaining portion of the Leased Premises, if any, to the Port as of such date; provided that such release and surrender shall in no way prejudice or interfere with LNG's right to an award for its loss or damage as hereinafter provided. If any Taking occurs during the Term and this Lease is not terminated by LNG as provided herein, this Lease shall remain in full force and effect except that, effective as of the Taking Date, this Lease shall terminate automatically as to any of the Leased Premises so taken with an appropriate reduction or abatement of Rent and other charges attributable to the portion of the Leased Premises so taken.

Section 13.03. Awards. In the event of any Taking of all or any portion of the Leased Premises, Port shall be entitled to an award based on the taking of or injury to the fee simple estate in the Land and LNG shall be entitled to an award based on any loss or reduction of its leasehold and easement estates, loss of any building or other

Improvement constructed or placed on the Land by LNG, loss or interruption of business and the cost of any alterations or restoration resulting from any such Taking. Any single award or settlement shall be allocated between the parties in accordance with the foregoing. To the extent required under the terms of any Permitted Mortgage, the proceeds of an Award shall be paid to such Permitted Mortgagee to be held in escrow and disbursed as alterations, restoration, replacement and construction is completed.

Section 13.04. Reconstruction. In the event of a Partial Taking, LNG shall, with reasonable diligence, rebuild and restore the Leased Premises not so taken to at least its condition prior to the Taking or (if the Leased Premises are not capable of being so rebuilt and restored) as closely to such condition as is reasonably practical under the circumstances. Notwithstanding anything herein to the contrary, to the extent LNG's award attributable to such improvements is not sufficient to pay for the cost of restoration, replacement and reconstruction, Port shall deliver to LNG Port's share of the award attributable to such restoration, replacement and construction of the Leased Premises.

Section 13.05. No Condemnation by Port. Port covenants and agrees that it will not condemn nor take by eminent domain the interest of LNG, its permitted successors and assigns, in or to any portion of the Leased Premises during the Term of this Lease, except as may be required for channel and waterway improvements.

Article 14. Quiet Enjoyment. LNG, on paying the Rent and all other sums called for herein and performing all of LNG's other obligations contained herein, shall and may peaceably and quietly have, hold, occupy, use and enjoy the Leased Premises during the Term subject to the provisions of this Lease. Port agrees to warrant and forever defend LNG's right to occupancy of the Leased Premises against the claims of any and all persons whomsoever lawfully claiming the same or any part thereof, by, through or under Port (but not otherwise), subject to the provisions of this Lease, and to all matters recorded in the Real Property Records of Calhoun County, Texas, to the extent the foregoing are validly existing and applicable to the Leased Premises.

Article 15. Default by LNG.

Section 15.01. Events of Default. Each of the following occurrences shall constitute an "Event of Default" by a party under this Lease:

- (a) The failure of a party to pay any amount due under this Lease, and the continuance of such failure for a period of ten (10) days after receipt of notice from the other party;
- (b) The failure by a party to perform, comply with or observe any other agreement, obligation or undertaking of such party, and the continuance of such failure for a period of thirty (30) days after receipt of notice from the non-defaulting party specifying such failure, except that if cure is not reasonably possible within such thirty (30) day period, a party shall not be in default if it promptly commences cure within such period and thereafter diligently pursues cure until completion;

- (c) The filing of a petition by LNG in any bankruptcy court or other insolvency proceeding and the filing by a third party against LNG of any such petition in any bankruptcy court or other insolvency proceeding which is not removed within 90 days following the date of such filing; and
- (d) As to LNG, use of the Leased Premises by LNG or its successors or assigns for any purpose other than a Permitted Use, and LNG's failure to cease such impermissible use within thirty (30) days of receipt of notice of such violation from Port.

Section 15.02. Remedies. Upon the occurrence of an Event of Default, the non-defaulting party may, in addition to its other remedies available at law or in equity, terminate this Lease upon thirty (30) days notice to the other party; however, such notice shall not be effective if the defaulting party or, as to LNG, a Permitted Mortgagee cures the Event of Default within the cure period provided herein.

Section 15.03. No Waiver; No Implied Surrender. Provisions of this Lease may not be waived orally or impliedly, but only by the party entitled to the benefit of the provision evidencing the waiver in writing. No waiver of any breach by a party shall constitute a waiver of any subsequent breach.

Article 16. Right of Re-entry. Upon the expiration or termination of the Term for whatever cause, or upon the exercise by Port of its right to re-enter the Leased Premises without terminating this Lease, LNG shall immediately, quietly and peaceably surrender to Port possession of the Leased Premises in the condition and state of repair required under the Lease. If LNG fails to surrender possession as herein required, Port may initiate any and all legal action as Port may elect to dispossess LNG and all persons or firms claiming by, through or under LNG, from the Leased Premises. For so long as LNG remains in possession of the Leased Premises after such expiration, termination or exercise by Port of its re-entry right, LNG shall be deemed to be occupying the Leased Premises as a tenant-at-sufferance, subject to all of the obligations of tenant under this Lease, except that the Land Rent shall be twice the per day Land Rent in effect immediately prior to such expiration, termination or exercise by Port. No such holding over shall extend the Term. If LNG fails to surrender possession of the Leased Premises in the condition herein required, Port may, at LNG's expense, restore the Leased Premises to such condition.

Article 17. Miscellaneous.

Section 17.01. Independent Obligations; No Offset. The obligations of LNG to pay Rent and to perform the other undertakings of LNG hereunder constitute independent unconditional obligations to be performed at the times specified hereunder, regardless of any breach or default by Port hereunder. Except as expressly provided herein, LNG shall have no right, and LNG hereby waives and relinquishes all rights which it might otherwise have, to claim any nature of lien against the Leased Premises or to withhold, deduct from or offset against any Rent or other sums to be paid to Port by LNG; provided, that in the event LNG obtains a final, non-appealable judgment against Port from a court of competent jurisdiction, LNG shall be permitted to offset the amount of such award against any Rent payable hereunder.

Section 17.02. Subordination of Landlord's Lien Rights. Upon the request of LNG, Port hereby agrees to fully and completely subordinate any statutory landlord's lien rights it may have to the liens securing payment of any Permitted Mortgage.

Section 17.03. Applicable Law. This Lease shall be governed by, construed and shall be enforceable in accordance with the laws of the State of Texas without giving effect to the principles of conflict of laws. Venue for any action brought hereunder shall lie in the State Courts of Calhoun County, Texas.

Section 17.04. Assignment by Port. Port shall have the right to assign, in whole or in part, any or all of its rights, titles or interests in and to the Leased Premises or this Lease and, upon any such assignment, Port shall be relieved of all unaccrued liabilities and obligations hereunder to the extent of the interest so assigned.

Section 17.05. Estoppel Certificates. Within twenty (20) Business Days following the receipt of a written request from Port or LNG (or a Permitted Mortgagee), the other party will promptly and without compensation or consideration execute, have acknowledged and deliver a certificate stating (a) the date on which the Term commenced and the date on which it is then scheduled to expire; (b) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the date and the nature of each modification); (c) the date, if any, through which Rent and other charges have been paid; (d) that no Event of Default exists that has not been cured, except as to defaults stated in such certificate; (e) that the responding party has no existing defenses or setoffs to enforcement of this Lease, except as specifically stated in such certificate and (f) such other information pertaining to this Lease as may be reasonably requested by the requesting party. Any such certificate may be relied upon by the requesting party or any prospective purchaser, assignee or mortgagee.

Section 17.06. Right to Contest. Notwithstanding any other provision of this Lease, LNG shall not be required to pay any Imposition, comply with any Legal Requirement, or discharge or remove any lien (such non-compliance being hereinafter referred to collectively as "**Permitted Violations**"), so long as (a) LNG shall diligently contest, in good faith, the existence, amount or validity of the Permitted Violation by appropriate proceedings that operate during the pendency thereof to prevent or stay (i) the collection of, or other realization upon, the Permitted Violation, (ii) the sale or forfeiture of any of the Leased Premises, (iii) any interference with the use or occupancy of any of the Leased Premises, (iv) any loss or interference with the payment of any Rent, (v) the cancellation of any insurance policy, and (vi) the enforcement or execution of any injunction, order or Legal Requirement with respect to the Permitted Violation; (b) LNG shall provide Port security, satisfactory in Port's reasonable judgment, to pay all losses, judgments, costs, interest, penalties and other sums that may be incurred or become due if LNG's contest is unsuccessful, (c) the Permitted Violation does not disrupt or interfere with Port's business or operations or the business or operations of any third parties in any way, (d) no such contest shall subject Port to the risk of any civil or criminal liability, and (e) in the case of a lien filed against the Leased Premises, LNG files a bond to indemnify against such lien in accordance with the requirements of Chapter 53 of the Texas Property Code, or any successor statute. LNG shall pay any and all losses, judgments,

decrees and costs in connection with any such contest and shall perform all acts ordered or decreed as a result thereof.

Section 17.07. Signs. LNG shall not install any signs, placards or other advertising or identifying marks upon the Leased Premises or upon the exterior of any Improvements to or constituting a part of the Leased Premises without the prior written consent of Port, which approval shall not be unreasonably withheld, conditioned or delayed. LNG agrees to remove promptly and to the satisfaction of Port (at LNG's sole cost and expense) upon the expiration or earlier termination of the Term any and all such signs, placards or other advertising or identifying marks.

Section 17.08. Relation of the Parties. It is the intention of the parties to create hereby the relationship of landlord and tenant, and no other relation is hereby created. Nothing in this Lease shall be construed to make the parties partners or joint venturers or to render either party liable for any obligation of the other.

Section 17.09. Public Disclosure. Port is a governmental authority subject to the requirements of the Texas Open Meetings Act and the Texas Open Records Act (Texas Government Code Chapters 551 and 552), and as such Port is required to disclose to the public (upon request) this Lease and certain other information and documents relating to the consummation of the transactions contemplated hereby. In this regard, and except as specifically provided herein, LNG agrees that the disclosure of this Lease or any other information or materials related to the consummation of the transactions contemplated hereby to the public by Port as required by the Texas Open Meetings Act, Texas Open Records Act, or any other Legal Requirement will not expose Port (or any party acting by, through or under Port) to any claim, liability or action by LNG. Notwithstanding the foregoing, if Port receives any request for access to or a copy of any documents herein agreed by Port to be kept confidential as provided in Section 6.04 above, Port shall (a) decline to release the information for the purpose of requesting a Texas Attorney General decision in accordance with the provisions of Section 552.305 of the Texas Open Records Act and (b) comply with all provisions of said Section 552.305. Port shall, within five (5) days after the receipt thereof, mail to LNG notice of any request for access to or a copy of any document herein agreed by Port to be kept confidential and shall mail to LNG a copy of Port's Texas Attorney General request as to whether the requested information is exempted from public disclosure concurrently with the transmittal thereof to the Texas Attorney General.

Section 17.10. Binding Effect. All of the provisions of this Lease shall extend to, bind and inure to the benefit of, as the case may be, Port and LNG, and their respective successors and permitted assigns.

Section 17.11. Notices and Billing Address. All notices and other communications given pursuant to this Lease shall be in writing and shall either be mailed by first class United States mail, postage prepaid, registered or certified with return receipt requested, and addressed as set forth in this Lease, or delivered in person to the intended addressee, or sent by prepaid telegram, cable or telex followed by a confirmatory letter. Notice mailed in the aforesaid manner shall become effective three (3) Business Days after deposit; notice given in any other manner, and any notice given

to Port, shall be effective only upon receipt by the intended addressee. For the purposes of notice and/or billing, the address of:

- (a) Port shall be:
Calhoun Port Authority
P. O. Box 397
Point Comfort, Texas 77978
Attention: Port Director

with a copy to:

Roberts, Roberts, Odefey and Witte
2206 N. Hwy. 35 Bypass
P.O. Box 9
Port Lavaca, TX 77979
Attention: Wanda Roberts

and

- (b) LNG shall be:
Calhoun LNG
Three Riverway, Suite 525
Houston, Texas 77056
Attention: Chris Hilgert

with a copy to:

King & Spalding LLP
1100 Louisiana, Suite 4000
Houston, Texas 77002
Attention: Peter M. Oxman

Each party shall have the continuing right to change its address for notice hereunder by the giving of fifteen (15) days prior written notice to the other party provided however, if LNG vacates the location that constitutes its address for notice hereunder without changing its address for notice pursuant to this Lease, then LNG's address for notice shall be deemed to be the last address provided to Port.

Section 17.12. Entire Agreement, Amendment and Binding Effect. This Lease constitutes the entire agreement between Port and LNG relating to the subject matter hereof and all prior agreements relative hereto which are not contained herein are terminated. This Lease may be amended only by a written document duly executed by Port and LNG, and any alleged amendment which is not so documented shall not be effective as to either party. Nothing in this paragraph shall alter the rights and duties specifically set forth between the parties under the Financing Agreement; provided, however, that upon the execution and delivery of this Lease by both parties, the provisions of this Lease shall supercede in their entirety the provisions of Section 4.03 of the Financing Agreement.

Section 17.13. Severability. This Lease is intended to be performed in accordance with and only to the extent permitted by all Legal Requirements. If any provision of this Lease or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, but the extent of the invalidity or unenforceability does not destroy the basis of the bargain between the parties as contained herein, the remainder of this Lease and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

Section 17.14. No Merger. There shall be no merger of the leasehold estate created by this Lease with the fee estate in any of the Lease Premises by reason of the fact that the same person or entity may acquire or hold or own, directly or indirectly (a) the leasehold estate created hereby or any part thereof or interest therein, and (b) the fee estate in any of the Leased Premises, unless and until all persons or entities having any interest in the interests described in (a) and (b) above to be merged shall join in a written instrument effecting such merger and shall duly record the same.

Section 17.15. Construction. Unless the context of this Lease clearly requires otherwise, (a) pronouns, wherever used herein, and of whatever gender, shall include natural persons and corporations and associations of every kind and character; (b) the singular shall include the plural wherever and as often as may be appropriate; (c) the term "includes" or "including" shall mean "including without limitation"; (d) the word "or" has the inclusive meaning represented by the phrase "and/or"; and (e) the words "hereof" or "herein" refer to this entire Lease and not merely the Section or Article number in which such words appear. Article and Section headings in this Lease are for convenience of reference and shall not affect the construction or interpretation of this Lease. Any reference to a particular "Article" or "Section" shall be construed as referring to the indicated article or section of this Lease.

Section 17.16. Attorneys Fees. If Port initiates any litigation against LNG relating to this Lease, and Port prevails in such litigation, then Port shall be entitled to recover, in addition to all damages allowed by law and other relief, all court costs and reasonable attorneys fees incurred in connection with such litigation.

Section 17.17. Authority.

- (a) LNG warrants and represents to Port that (a) LNG is a Delaware limited partnership duly authorized to do business in the State of Texas (b) LNG has full right and authority to execute, deliver and perform this lease, (c) the person executing this Lease on behalf of LNG was authorized to do so and (d) upon request of Port, LNG will deliver to Port satisfactory evidence of the authority of the person executing this Lease on behalf of LNG to execute this Lease on behalf of LNG.
- (b) Port warrants and represents to LNG that (a) Port is a duly organized and existing legal entity, in good standing in the State of Texas (b) Port has full right and authority to execute, deliver and perform this lease, (c) the person executing this Lease on behalf of Port was authorized to do so and (d) upon request of LNG,

Port will deliver to LNG satisfactory evidence of the authority of the person executing this Lease on behalf of Port to execute this Lease on behalf of Port.

Section 17.18. Force Majeure. Port and LNG shall be entitled to rely upon Force Majeure as an excuse for timely performance hereunder only as expressly provided herein and shall not be entitled to rely upon Force Majeure as an excuse for timely performance unless the party seeking to rely on Force Majeure (a) uses commercially reasonable efforts to overcome the effects of the event of Force Majeure, (b) gives written notice to the other party within five (5) days after the occurrence of the event describing with reasonable particularity the nature thereof, (c) commences performance of its obligation hereunder immediately upon the cessation of the event and (d) gives written notice to the other party within five (5) days after the cessation of the event advising the other party of the date upon which the event ceased to constitute an event of Force Majeure.

Section 17.19. Interpretation. Port, LNG and their respective legal counsel have reviewed and have participated in the preparation of this Lease. Accordingly, no presumption will apply in favor of either Port or LNG in the interpretation of this Lease or in the resolution of the ambiguity of any provision hereof.

Section 17.20. Multiple Counterparts. This Lease may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute but one instrument.

EXECUTED as of FEBRUARY 13, 2008.

CALHOUN LNG, L.P.

By: Calhoun LNG GP LLC, its general partner

By: Gulf Coast LNG Partners, L.P.,
its sole member

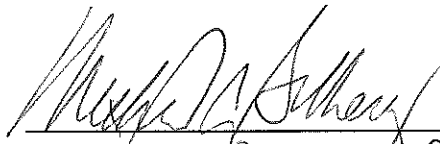
By: Gulf Coast LNG GP LLC,
its general partner

By: 


CHRIS HILGERT
(Printed Name)

Title: CHIEF EXECUTIVE OFFICER

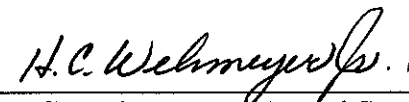
ATTEST:


MICHAEL C. BILBERRY, ~~Secretary~~

CALHOUN PORT AUTHORITY

By: 
Randy L. Boyd, Board Chair

ATTEST:


H. C. Wehmeyer, Jr. Board Secretary

APPROVED AS TO FORM:

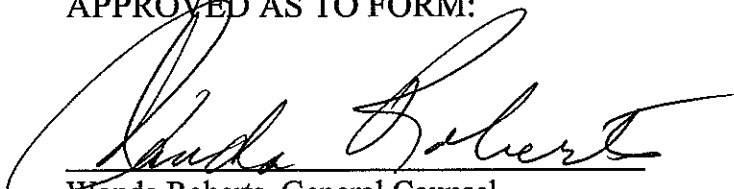
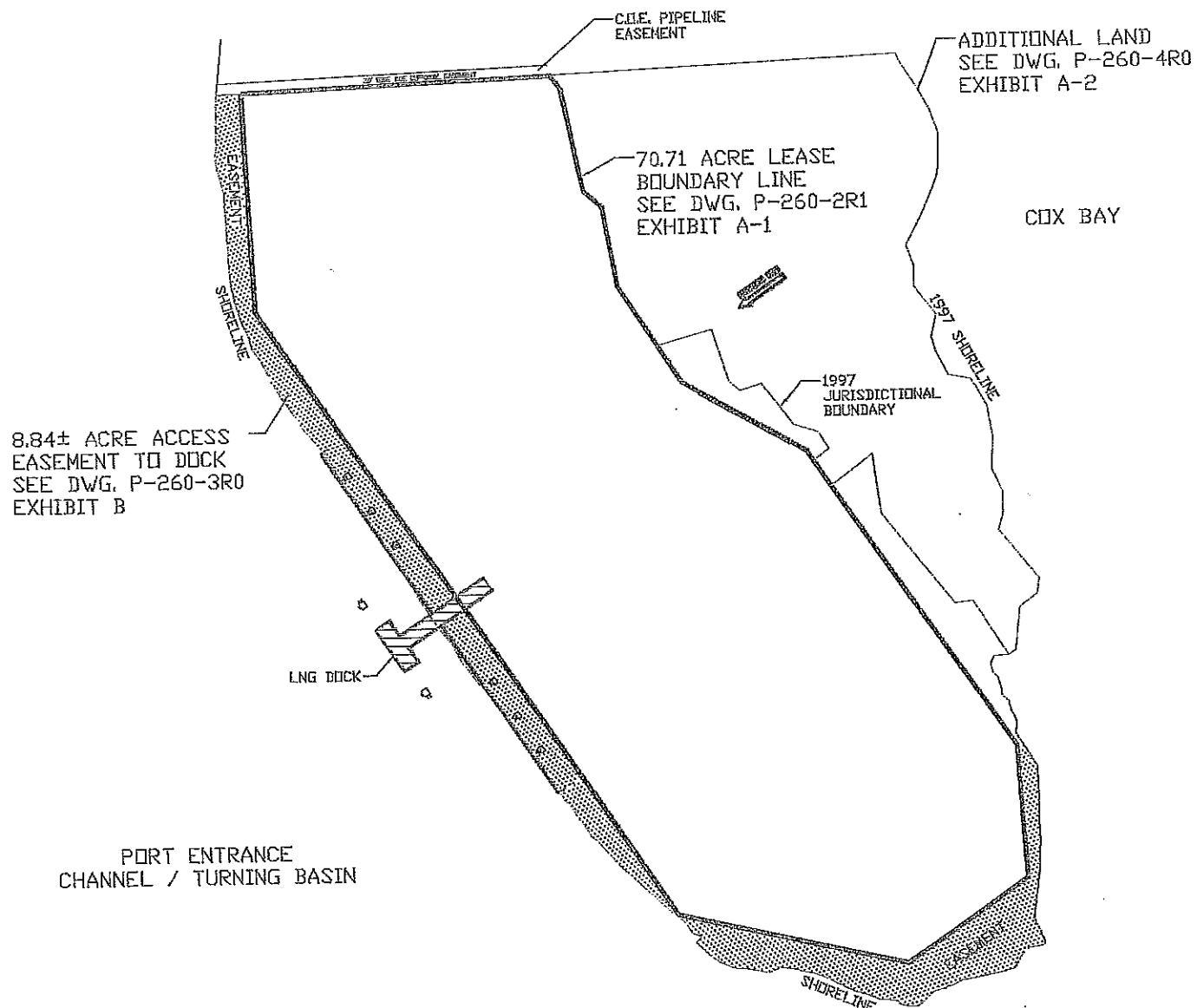
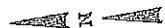

Wanda Roberts, General Counsel
Calhoun Port Authority

EXHIBIT A



G & W ENGINEERS, INC.

• ENGINEERING • SURVEYING • ARCHITECTURE • PLANNING

205 W. LIVE OAK ST. PORT LAVACA, TEXAS 77979 (361) 552-4509
1801 7th ST., SUITE 290 BAY CITY, TEXAS 77414 (979) 323-7100

DRAWN BY:

J.R.P.

RECOM'D BY:

M.J.S.

DATE:

MAY 2, 2007

SCALE:

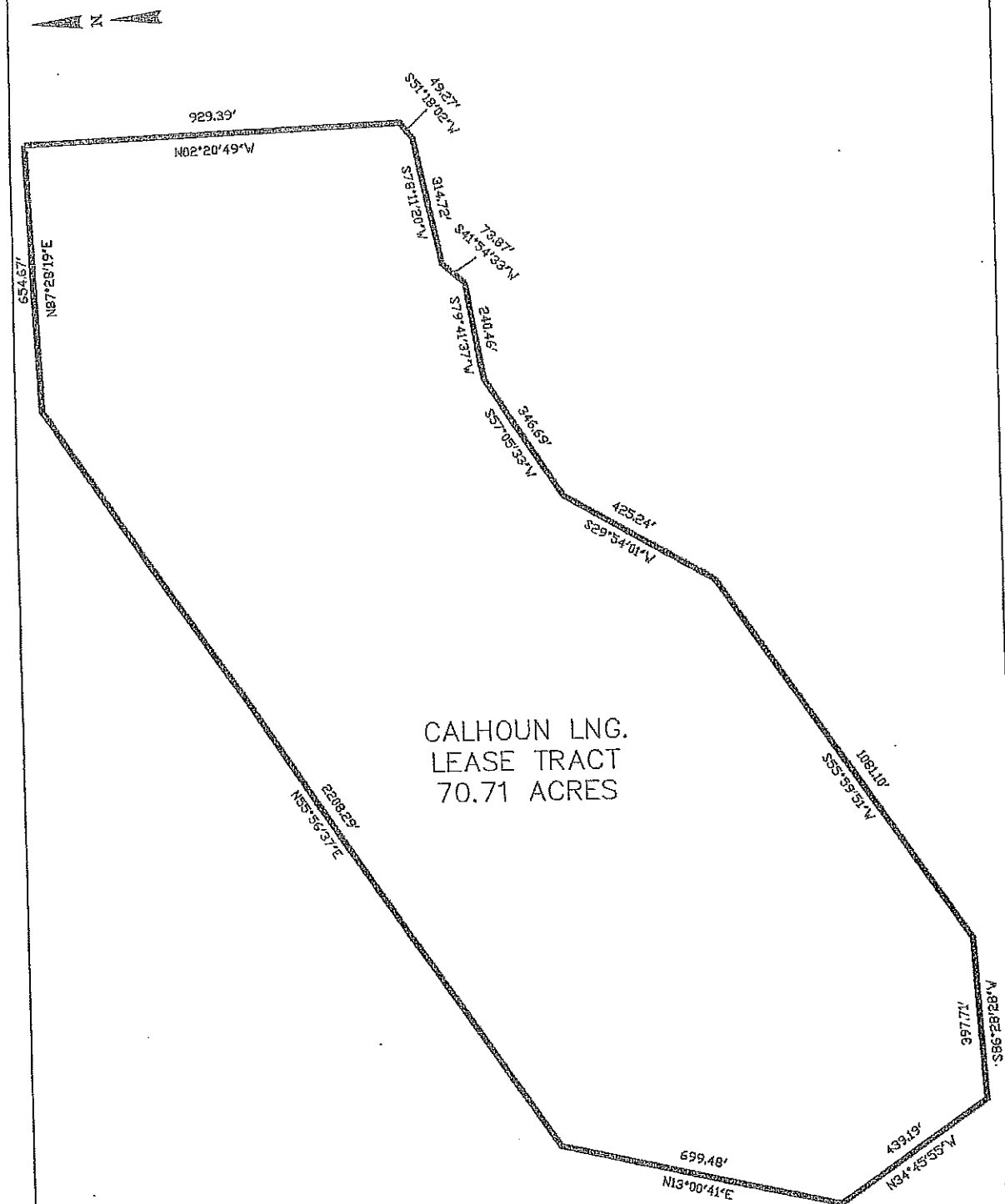
1" = 480'

JOB NO.:

9171-260

DRAWING NO.:

G-260-1R1



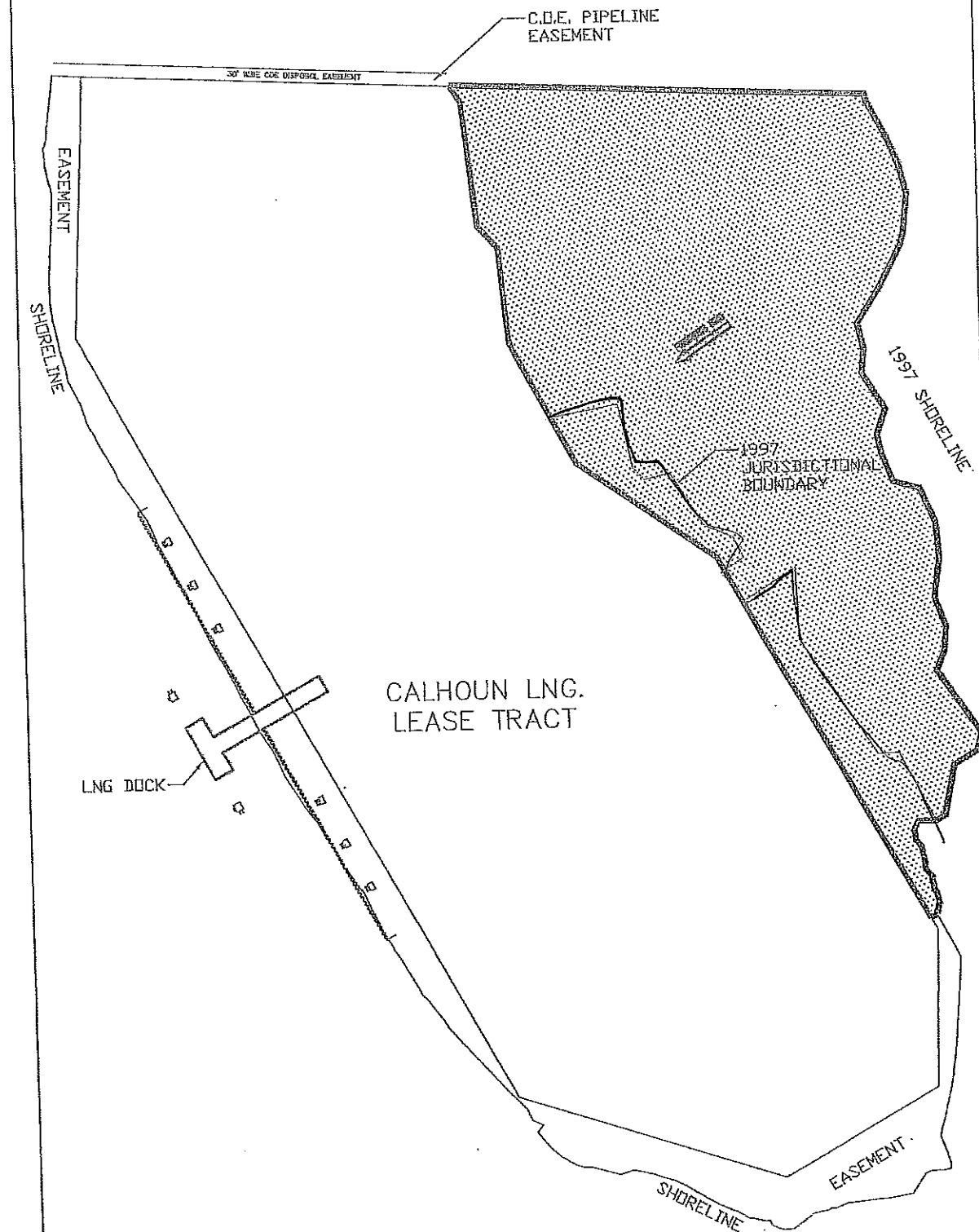
This drawing was prepared from office calculations based on Calhoun County Navigation District site monumentation and the bearing basis is Grid North, Texas State Plane Coordinate System, South Central Zone, NAD 1983.

G & W ENGINEERS, INC.

• ENGINEERING • SURVEYING • ARCHITECTURE • PLANNING

205 W. LIVE OAK ST. PORT LAVACA, TEXAS 77979 (361) 552-4509
1801 7th ST., SUITE 290 BAY CITY, TEXAS 77414 (979) 323-7100

DRAWN BY: J.R.P./F.H.	RECOM'D BY: M.J.S.	DATE: MAY 2, 2007	SCALE: 1" = 300'	JOB NO.: 9171-260	DRAWING NO.: P-260-2R1
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NOTE:
30.49 ± ACRES OF
ADDITIONAL LAND SHOWN

G & W ENGINEERS, INC.

• ENGINEERING • SURVEYING • ARCHITECTURE • PLANNING

205 W. LIVE OAK ST. PORT LAVACA, TEXAS 77979 (361) 552-4509
1801 7th ST., SUITE 290 BAY CITY, TEXAS 77414 (979) 323-7100

DRAWN BY: JRP / FH

RECOMM'D BY: M.J.S.

DATE: MAY 2, 2007

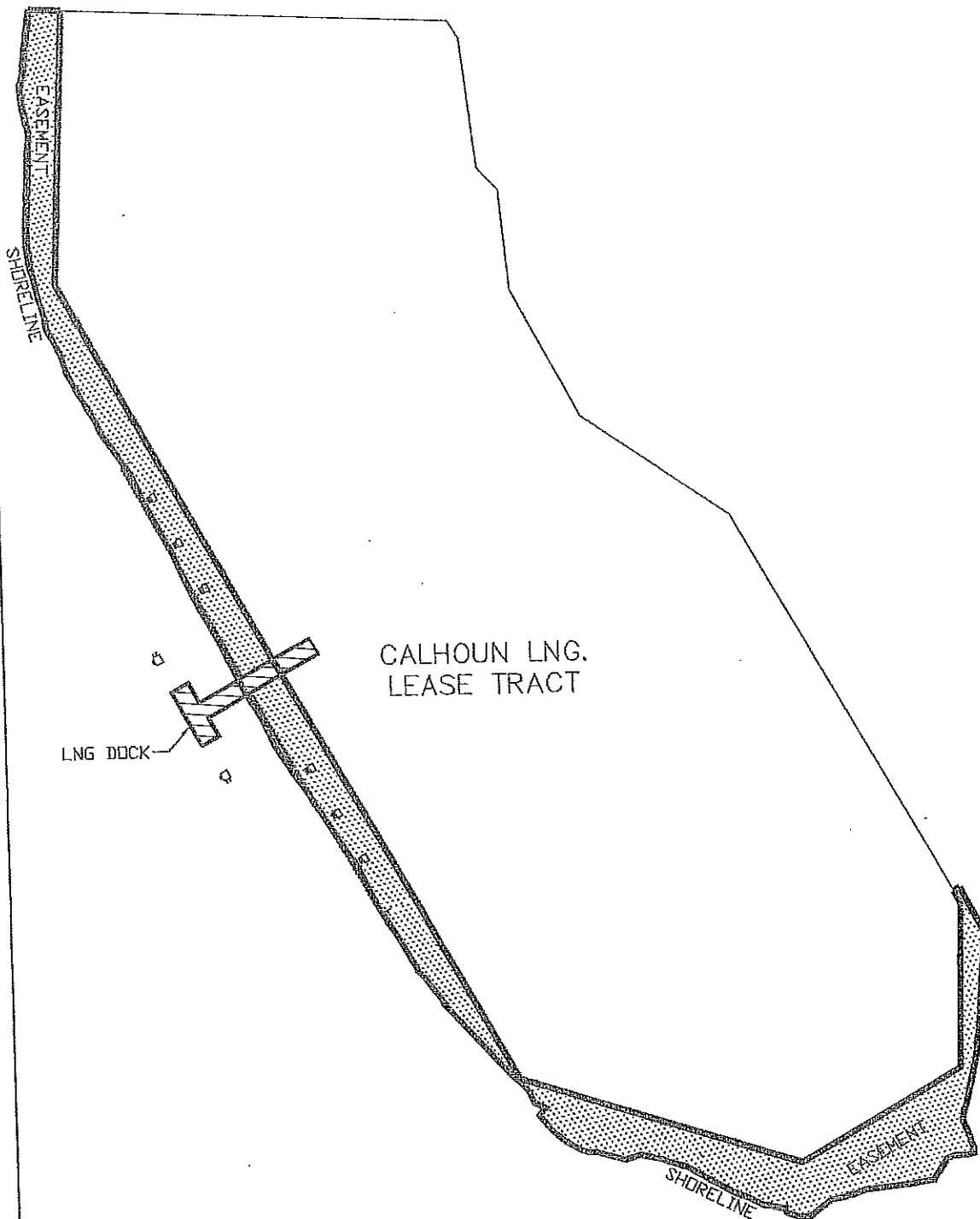
SCALE: 1" = 300'

JOB NO.:

9171-260

DRAWING NO.:

P-260-4RD



NOTE:
8.84 ± ACRES EASEMENT
BETWEEN SHORELINE & TERMINAL.

G & W ENGINEERS, INC.

• ENGINEERING • SURVEYING • ARCHITECTURE • PLANNING

205 W. LIVE OAK ST. PORT LAVACA, TEXAS 77979 (361) 552-4509
1801 7th ST., SUITE 280 BAY CITY, TEXAS 77414 (979) 323-7100

DRAWN BY: J. K. K.

RECORD BY: M. S.

DATE: MAY 2, 2007

SCALE:

1" = 300'

JOB NO.:

9171-260

DRAWING NO.:

P-260-3RD



G & W ENGINEERS, INC.
• ENGINEERING • SURVEYING • ARCHITECTURE • PLANNING
205 W. Live Oak St. Port Lavaca, Texas 77979 (512)552-4599

**CALHOUN COUNTY NAVIGATION DISTRICT
SPECIAL MEETING
May 11, 2007**

A Special meeting of the Calhoun County Navigation District was held on Friday, May 11, 2007 at 11:30 a.m. at the Calhoun County Navigation District Board Room, 2313 FM 1593 South, Point Comfort, Texas.

Board Members attending were:

Commissioner # 1 – Shields A. (Tony) Holladay
Commissioner # 2 – Leo J. Kainer
Commissioner # 4 – Paul R. Blasingim
Commissioner # 5 – Roger G. Martinez
Commissioner # 6 – H. C. Wehmeyer, Jr.

Staff Members present were:

Robert H. Van Borssum - Port Director
Charles R. Hausmann – Deputy Port Director, Finance and Administration
Wanda Roberts – Port General Counsel

Agenda Item 1: Call meeting to Order:

The Special Meeting of the Calhoun County Navigation District was called to order by Board Chair Paul R. Blasingim at 11:30 a.m.

The Pledge of Allegiance was led by Board Chair Paul R. Blasingim.

Agenda Item 2: Review and consideration of Request of Port General Counsel to retain Special Counsels for both TGS Operations Agreement and Environmental on the 94.73 acre tract.

A request was presented by Port General Counsel Wanda Roberts to the Board for authorization to retain two specialized law firms for assistance as follows: Martha Williams P.C. for assistance with the Operating Rights and Easement agreements with TGS and Mr. Ali Azeri of Jackson Walker, L.L.P., for assistance with the environmental assessment and notification required on the 94.73 acre tract the Port Authority is obtaining in the exchange transaction with Formosa Plastics Corporation. Pursuant to further discussion, a motion was made by Board Member Tony Holladay to approve the request of Port General Counsel for retention of the two specialized law firms. The motion was seconded by Board Secretary Roger G. Martinez with all Board Members present voting unanimously for the motion.

Agenda Item No. 3: CLOSED SESSION: As authorized by Tex.Govt Code 551.072 for the purpose of discussion with respect to the purchase, exchange, lease or value of property Re: South Peninsula Tract.

As Authorized by Tex Govt Code 551.074 for the purpose of deliberating the appointment, employment, compensation, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee.

Board Chair Paul R. Blasingim announced that "As authorized by Texas Government Code Section: As authorized by Tex. Gov't Code 551.072 for the purposes of discussion with respect to the purchase, exchange, lease or value of property RE: South Peninsula Tract.

As Authorized by Tex Govt Code 551.074 for the purpose of deliberating the appointment, employment, compensation, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee.


Return to OPEN SESSION and take any action deemed necessary based upon discussion in closed meeting.

The Board reconvened in Open Session at 12:58 p.m., Board Chair Paul R. Blasingim announced that "No action had been taken in closed session."

Pursuant to further discussion, a motion was made by Board Member Tony Holladay to approve the Surface Lease with Calhoun LNG as provided for in the Interim Financing Agreement executed by the Calhoun County Navigation District and Calhoun LNG on October 1, 2004. The motion was seconded by Board Secretary Roger G. Martinez and was approved unanimously by all Board Members present.

Agenda Item No. 3 : Adjourn.

There being no further business, the special meeting was declared adjourned at 1:00 p.m.


Randy L. Boyd, Board Chair

ATTEST:


H. C. Wehmeyer, Jr., Board Secretary

**CALHOUN PORT AUTHORITY
REGULAR MEETING
December 12, 2007**

A regular meeting of the Calhoun Port Authority was held on Wednesday, December 12, 2007, at 9:00 a.m. in the Calhoun Port Authority Board Room, Calhoun Port Authority Office, Point Comfort, Texas

Board Members attending were:

Commissioner # 1 – Shields A. “Tony” Holladay, Sr.
Commissioner # 2 – Dell R. Weathersby
Commissioner # 3 – J. C. Melcher, Jr.
Commissioner # 4 – Randy L. Boyd
Commissioner # 5 – Roger G. Martinez
Commissioner # 6 – H. C. Wehmeyer, Jr.

Staff Members present were:

Charles R. Hausmann – Interim Port Director
Wanda Roberts – Port General Counsel
Miranda Hartl – Finance Assistant

Also present were:

Mickey Sappington - G & W Engineers, Inc.
Charlynn Finn – The Wave
Mark Mazoch – URS Corporation
Jack Wu – Formosa Plastics Corporation, Texas
Chris Culak – Roloff, Hnatek & Co., LLP
Robert Henderson – Dain Rauscher

Agenda Item No. 1: Call to Order:

Board Chair Randy L. Boyd called the Regular Meeting to order at approximately 9:00 a.m. He announced that the agenda of the meeting was posted in accordance with the provisions of the Texas Open Meetings Act.

The Pledge of Allegiance was led by Board Chair Randy L. Boyd.

Agenda Item No. 2: Receive and close bids on Joslin 2 Tract.

All bids were received prior to 9:00 a.m. on Wednesday, December 12, 2007 and the bidding was closed.

Agenda Item No. 3: Approve the minutes of the Wednesday November 14, 2007 Regular Meeting and the Wednesday, November 21, 2007 Special Meeting.

The minutes of the Wednesday, November 14, 2007 Regular Meeting and the Wednesday, November 21, 2007 Special Meeting were presented to the Board. A motion was

made by Board Member Tony Holladay to approve the minutes as presented. Board Member Roger G. Martinez seconded the motion and the motion carried unanimously.

Agenda Item No. 4: Review of Financial Reports: All Funds.

Mr. Charles R. Hausmann presented the following financial information to the Board

Members for Review:

- 1.) Fund Balance Report as of November 30, 2007, 2007
- 2.) Accounts Receivable Report as of November 30, 2007

Mr. Hausmann reported to the Board Members that the accounts receivable report specified that the accounts receivable were 98.09% current as of November 30, 2007.

Agenda Item No. 5: Approval of Disbursements and Transfers: All Funds

- a) The Board Members reviewed the December 12, 2007 Port Operations Account disbursements. Pursuant to review, a motion was made by Board Member Tony Holladay to approve the disbursements as presented. The motion was seconded by Board Secretary H. C. Wehemeyer, Jr. and motion carried that the Port Operations Account disbursements Nos. 22188 through 22246 be approved. A motion was made by Board Member Roger Martinez to approve the transfers for the December 12, 2007 disbursements. The motion was seconded by Board Member Dell R. Weathersby and the motion carried unanimously.

<u>CHECK NO.</u>	<u>FUND ACCOUNT</u>	<u>AMOUNT</u>
<u>GROSS REVENUE FUND</u>		
2007- 105	To Port Operations Account	\$ 5,269.49
2007- 106	To Port Operations Account	9,908.92
2007 -107	To Port Operations Account	58,981.14
	Total	\$ 74,159.55
<u>MAINTENANCE AND OPERATIONS FUND</u>		
2007- 105	To Port Operations Account	\$ 2,112.98
2007- 106	To Port Operations Account	2,257.32
2007- 107	To Port Operations Account	5,150.08
	Total	\$ 9,520.38
<u>BUSINESS DEVELOPMENT FUND</u>		
2007-107	To Port Operations Account	\$ 2,535.60

Total	\$ 2,535.60
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DEPRECIATION & MAJOR REPAIR FUND

Total	\$
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PORT EXPANSION GROSS REVENUE FUND

2007-105	To Port Operations Account	\$ 14,589.64
2007-106	To Port Operations Account	15,686.74
2007-107	To Port Operations Account	104,638.07
Total		\$ 134,914.45

AN/NH3 OPERATING FUND

2007-107	To Port Operations Account	\$ 28,375.43
Total		<u>\$ 28,375.43</u>

TOTAL TRANSFERS TO PORT OPERATIONS ACCOUNT	<u>\$ 249,505.41</u>
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INTERFUND TRANSFERS

<u>DATE</u>	<u>FROM</u>	<u>TO</u>	<u>AMOUNT</u>
12/12/07	AN/NH3 Operating	AN/NH3 Dep. M/R	\$7,500.00
	Total		<u>\$ 7,500.00</u>

Agenda Item No. 6: Port Director's Report.

Charles R. Hausmann, Interim Port Director, reported the following:

A. Harbor traffic statistics for the month of November 2007:

That a total of 74 vessels had arrived at the public port facilities during the month of November 2007: 21 deep draft arrivals and 53 inland barges and a total of 168 invoices were issued. Further, that 19 deep draft vessels were already on schedule for December arrival.

That the total throughput for the month of November 2007 was 420,615.6 short tons. This bring total throughput for the fiscal year 2008 to 1,998,196.4. This was a 2% increase over the same time period for 2007.

B. Regarding the status of Fiscal Year 2007 capital improvement projects:

There were no capital improvement projects underway at this time.

- C. WELFAB had completed all repairs to the damaged mooring dolphin located in slip #3 that was damaged by the tug Dan L.
- D. Mr. Mark Mazoch of URS Corporation reported to the Board Members regarding the status of the Matagorda Ship Channel Improvement Project.

Agenda Item No. 7: Review and Consideration of receipt of Audited Financial Statements for Fiscal Year 2007 and all funds of the Calhoun Port Authority as prepared by Roloff, Hnatek & Co., LLP, Certified Public Accountants.

The Interim Port Director introduced Mr. Chris Culak of Roloff, Hnatek & CO., LLP. Mr. Culak presented the Board Members with the Audited Financial Statements for Fiscal Year 2007 for all funds of the Calhoun Port Authority. Pursuant to further review and discussion, a motion was made by Board Member Tony Holladay to accept the Audited Financial Statements. The motion was seconded by Board Secretary H. C. Wehmeyer, Jr and the motion carried unanimously.

Agenda Item No. 8: Review and Consideration of Rejecting the Bid Received from Formosa Plastics Corporation, Texas for Joslin Tract No. 2.

Pursuant to further review and discussion, a motion was made by Board Member Dell R. Weathersby to reject the initial bid from Formosa Plastics Corporation, Texas for the Joslin Tract No. 2 dated April 18, 2007. The motion was seconded by Board Member Roger G. Martinez and the motion carried unanimously.

Agenda Item No. 9: CLOSED SESSION: As Authorized by Tex. Govt Code 551.072 for the purpose of discussion with respect to the purchase, exchange, lease or value of real property regarding (1) Joslin Tract 1 Nucoastal (2) Joslin Tract 2 Formosa Plastics Corporation (3) Matagorda Ship Channel Improvement Project.

Board Chair Randy L. Boyd announced that "As Authorized by Tex. Govt Code 551.072 for the purpose of discussion with respect to the purchase, exchange, lease or value of real property regarding (1) Joslin Tract 1 Nucoastal (2) Joslin Tract 2 Formosa Plastics Corporation (3) Matagorda Ship Channel Improvement Project."

Further that, "No action or consensus would be taken in closed session" The Board convened in closed session at 9:50 a.m.

Return to OPEN SESSION and take any action deemed necessary based upon discussion in closed meeting.

The Board reconvened in Open Session at 10:42 a.m., Board Chair Randy L. Boyd announced that "No action or consensus had been taken in closed session".

A motion was made by Board Member Dell R. Weathersby that Board Chair Randy L. Boyd and Board Secretary H. C. Wehmeyer, Jr. be authorized to execute the Amended Ground Lease with Calhoun LNG if the changes discussed in closed session were approved by Calhoun LNG. The motion was seconded by Board Member Tony Holladay and the motion carried unanimously.

Agenda Item No. 11: Review and Consideration of Bids Received for the Exchange and/or Purchase of the Joslin Tract 2 (80.59 acres), Two Fixed Roof Petroleum Storage Tanks with Motors, Pumps, and Piping.

All bids were received and opened for the Exchange and/or Purchase of the Joslin Tract 2 (80.59 acres), Two Fixed Roof Petroleum Storage Tanks with Motors, Pumps, and Piping. One bid was received from Formosa Plastics Corporation, Texas agreeing to all terms and specifications set forth in the bid package. Pursuant to further review and discussion, a motion was made by Board Member H. C. Wehmeyer, Jr., seconded by Board Member Roger G. Martinez to accept the Bid of Formosa Plastics for the purchase of the Joslin 2 Tract, contingent upon the below detailed revisions and the parties entering into the mutually agreeable legal documents to complete the purchase transaction.

- 1) Paragraph Numbered 4, Page 1 shall be revised to include the following language
 "CPA only agrees to grant such right-of-ways on property it owns and/or property it has the ability o grant easements across."
- 2) Paragraph Numbered 2 at the bottom of Page 1 shall include the following terms:
 With the proviso that the stated 15 year term of the financing shall be prorated up or down, depending upon the actual agreed upon project costs.
- 3) Paragraph Numbered 7, Page 2 shall be amended to read: "For this new dock, any other users, regular yearly posted wharfage rate paid to the Port Authority will be applied to the bond yearly interest payment to reduce FPC's bond payment obligation."

Agenda Item No. 12 Adjourn.

There being no further business to be brought before the Board, a motion was duly made that the meeting be declared adjourned at approximately 10:47 a.m.



Randy L. Boyd, Board Chair

ATTEST:



H. C. Wehmeyer, Jr. Board Secretary

**CALHOUN PORT AUTHORITY
REGULAR MEETING
February 13, 2008**

A regular meeting of the Calhoun Port Authority was held on Wednesday, February 13, 2008, at 9:00 a.m. in the Calhoun Port Authority Board Room, Calhoun Port Authority Office, Point Comfort, Texas

Board Members attending were:

Commissioner # 1 – Shields A. “Tony” Holladay, Sr.
Commissioner # 2 – Dell R. Weathersby
Commissioner # 3 – J. C. Melcher, Jr.
Commissioner # 4 – Randy L. Boyd
Commissioner # 5 – Roger G. Martinez
Commissioner # 6 – H. C. Wehmeyer, Jr.

Staff Members present were:

Charles R. Hausmann – Port Director
Wanda Roberts – Port General Counsel
Miranda Hartl – Finance Assistant

Others Present were:

Mickey Sappington – G & W Engineers, Inc.
Charlynn Finn – The Wave
Rafael Garcia – Calhoun LNG
Julio S. Laguarda – Marina Del Ray
M.A. Faghizadeah – Excalibur
Fred Vakili – Excalibur
A. J. Rettenmaier – Excalibur
Charles Tovey – Excalibur
Larry Robinson – Matagorda Bay Pilots
David Adrian – Matagorda Bay Pilots
Chris Hilgert – Calhoun LNG
Mike Bilberry – Calhoun LNG
Arlene Marshall – Calhoun EDC
Tom Morgan – Texas Liquid Fertilizer
Craig Covington – Texas Liquid Fertilizer
Greg Salinas – McCall, Parkhurst & Horton

Agenda Item No. 1: Call to Order:

Board Chair Randy L. Boyd called the Regular Meeting to order at approximately 9:00 a.m. He announced that the agenda of the meeting was posted in accordance with the provisions of the Texas Open Meetings Act.

The Pledge of Allegiance was led by Board Chair Randy L. Boyd.

Agenda Item No. 2: Approve the minutes of the Wednesday, January 9, 2008

Regular Meeting.

The minutes of the Wednesday, January 9, 2008 Regular Meeting were presented to the Board. A motion was made by Board Member Tony Holladay to approve the minutes as presented. Board Secretary H. C. Wehmeyer, Jr. seconded the motion and the motion carried unanimously.

Agenda Item No. 3: Review of Financial Reports: All Funds.

Mr. Charles R. Hausmann presented the following financial information to the Board Members for Review:

- 1.) Fund Balance Report as of January 31, 2008
- 2.) Accounts Receivable Report as of January 31, 2008

Mr. Hausmann reported to the Board Members that the accounts receivable report specified that the accounts receivable were 98.54% current as of January 31, 2008.

Agenda Item No. 4: Approval of Disbursements and Transfers: All Funds

- a) The Board Members reviewed the February 13, 2008 Port Operations Account disbursements. Pursuant to review, a motion was made by Board Member Tony Holladay to approve the disbursements as presented. The motion was seconded by Board Member Roger G. Martinez and motion carried that the Port Operations Account disbursements Nos. 22395 through 22462 be approved. A motion was made by Board Member Roger G. Martinez to approve the transfers for the February 13, 2008 disbursements. The motion was seconded by Board Secretary H. C. Wehmeyer, Jr. and the motion carried unanimously.

<u>CHECK NO.</u>	<u>FUND ACCOUNT</u>	<u>AMOUNT</u>
<u>GROSS REVENUE FUND</u>		
2007-112	To Port Operations Fund	\$ 5,834.20
2007-114	To Port Operations Fund	9,015.62
2007-115	To Port Operations Fund	64,777.85
	Total	\$ 79,627.67
<u>MAINTENANCE AND OPERATIONS FUND</u>		
2007-112	To Port Operations Fund	\$ 2,942.89
2007-114	To Port Operations Fund	3,041.64
2007-115	To Port Operations Fund	3,256.34
	Total	\$ 9,240.87
<u>BUSINESS DEVELOPMENT FUND</u>		
2007-114	To Port Operations Fund	\$ 454.88
2007-115	To Port Operations Fund	65.44

Total \$ 530.32

DEPRECIATION & MAJOR REPAIR FUND

Total \$

PORT EXPANSION GROSS REVENUE FUND

2007-112	To Port Operations Fund	\$ 16,261.48
2007-114	To Port Operations Fund	19,319.10
2007-115	To Port Operations Fund	87,582.61
	Total	\$ 123,163.19

AN/NH3 OPERATING FUND

2007-115	To Port Operations Fund	\$33,806.52
	Total	\$ 33,806.52

TOTAL TRANSFERS TO PORT OPERATIONS ACCOUNT \$ 547,480.93

MATAGORDA SHIP CHANNEL IMPROVEMENT PROJECT

162	MAUER ADVISORY & CONSULTANT	\$4,650.00
	TOTAL	<u>\$ 4,650.00</u>

INTERFUND TRANSFERS

DATE	FROM	TO	AMOUNT
2/13/08	AN/NH3 Operating	AN/NH3 Dep. M/R	\$7,500.00
	Total		<u>\$7,500.00</u>

Agenda Item No. 5: Port Director's Report.

Charles R. Hausmann, Interim Port Director, reported the following:

A. Harbor Traffic Statistics for the month of January 2008:

That a total of 83 vessels had arrived at the public port facilities during the month of January 2008: 25 deep draft arrivals and 58 inland barges and a total of 182 invoices were issued. Further, that 19 deep draft vessels were already on schedule for February arrival.

That the total throughput for the month of January 2008 was 393,001.7 short tons. This brings total throughput for the fiscal year 2008 to 2,851,331.5. This was a 6% increase over the same time period for 2007.

B. Regarding the status of Fiscal Year 2008 capital improvement projects:

There were no capital improvement projects underway at this time.

C. T.W. LaQuay had finished dredging the GIWW. He had moved the dredge to Freeport for 30 days and then he was expected to return to the Matagorda Ship Channel to begin the 8A Contract from the Corps of Engineers that should be awarded by then and he would be able to clean out the shoal area that was reported by

the Matagorda Bay Pilots. Once this area was addressed, he would start on the upper reach.

- D. The Interim Port Director also reported that the Port was waiting on estimates from two contractors to repair the damage to the road on the north peninsula.
- E. 4 Board Members, the Interim Port Director, and representatives from Formosa Plastics, INEOS, and Alcoa would be traveling to Washington DC to talk to Congressional Members as well as the Corps of Engineers about Fiscal Year 2009 Funding for the Matagorda Ship Channel.
- F. Mr. Rafael Garcia of Calhoun LNG reported to the Board Members regarding the status of the ongoing Calhoun LNG project.

Agenda Item No. 6: Review and Consideration of Approval G & W Engineers, Inc. Industrial Rate Schedule for Calendar Year 2008.

No action was taken.

Agenda Item No. 7: Review and Consideration of Approval to Discuss and Take Any Action Deemed Necessary Regarding the Calhoun Port Authority Board Member Service Fees.

Pursuant to further review and discussion, the Board chose to form a committee consisting of Board Member J. C. Melcher, Jr. and Board Member Dell R. Weathersby to further look into any action regarding the Board Member Service Fees.

Agenda Item No. 8: Review and Consideration of Approval of an Agreement Between the Calhoun Port Authority and Alcoa World Alumina, LLC to Allow Access to the General Cargo Dock for the Unloading of Bauxite from Alcoa's Ships to Barge.

The Board Members discussed an agreement between the Calhoun Port Authority and Alcoa World Alumina, LLC to allow access to the General Cargo Dock for the Unloading of Bauxite from Alcoa's Ships to barges and a proposed document prepared by Port General Counsel stating that Alcoa would take responsibility for any dusting caused by the unloading of bauxite from ship to barge. Pursuant to further review and discussion, a motion was made by Board Member Tony Holladay to allow access to the General Cargo Dock for the Unloading of Bauxite from Alcoa's Ships to barges staged alongside the vessel and to approve the legal agreement prepared by Port General Counsel. The motion was seconded by Board Secretary H. C. Wehmeyer, Jr. and the motion passed unanimously.

Agenda Item No. 9: Review and Consideration of Presentation by Julio Laguarta for Leasing Submerged Land for Constructing a Marina in Port O'Connor.

This agenda item was to be presented during the Closed Session.

Agenda Item No. 10: Review and Consideration of Approval of Submerged Pipeline License Agreement for 719.5 Rod Natural Gas Pipeline with Neumin Production Company.

The Board Members reviewed a proposed Pipeline License Agreement between the Calhoun Port Authority and Neumin Production Company for a 719.5 rod, 4" natural gas pipeline with the term of this license agreement being a ten (10) year term beginning the date the Neumin Production signs the lease

with the payment for the term being \$19,153.09. Pursuant to further review and discussion, a motion was made by Board Member J. C. Melcher, Jr. to approve the Submerged Pipeline License Agreement with Neumin Production Company for the 719.5 Rod Natural Gas Pipeline. The motion was seconded by Board Member Roger G. Martinez and the motion carried unanimously.

Agenda Item No. 11: Review and Consideration of Approval of Submerged Pipeline License Agreement for 719.5 Rod Natural Gas Pipeline with Neumin Production Company.

The Board Members reviewed a proposed Pipeline License Agreement between the Calhoun Port Authority and Neumin Production Company for a 719.5 rod, 4" natural gas pipeline with the term of this license agreement being a ten (10) year term beginning the date the Neumin Production signs the lease with the payment for the term being \$19,153.09. Pursuant to further review and discussion, a motion was made by Board Member Dell R. Weathersby to approve the Submerged Pipeline License Agreement with Neumin Production Company for the 719.5 Rod Natural Gas Pipeline. The motion was seconded by Board Secretary H. C. Wehmeyer, Jr. and the motion carried unanimously.

Agenda Item No. 12: Review and Consideration of Approval of a License Agreement for a Bottom Hole in State Tract 34, in Lavaca Bay with Neumin Production Company.

The Board Members reviewed a proposed License Agreement between the Calhoun Port Authority and Neumin Production Company for a bottom hole location in State Tract No. 34 on submerged property owned by the Port Authority. The term of this license agreement was a five (5) year agreement when signed by Neumin Production Company with a fee of \$5,000.00 or \$1,000.00 payable each year. Pursuant to further review and discussion, a motion was made by Board Member J. C. Melcher, Jr. to approve the License Agreement between the Calhoun Port Authority and Neumin Production Company for a bottom hole located in State Tract No. 34 on submerged property owned by the Port Authority with the set rates and terms. The motion was seconded by Board Member Tony Holladay and the motion carried unanimously.

Agenda Item No. 13: Review and Consideration of Approval of the Amended Ground Lease Agreement Between the Calhoun Port Authority and Calhoun LNG, LP.

The Board Members reviewed a copy of the Amended Agreement between the Calhoun Port Authority and Calhoun LNG, LP. The major change in this document was the increase in guaranteed throughput from 1,500,000 short tons annually to 7,800,000 short tons per year. This change would guarantee the Port Authority income that was comparable to other terminals being constructed around the country. Pursuant to further review and discussion, a motion was made by Board Member Roger G. Martinez to approve the amended Ground Lease Agreement between the Calhoun Port Authority and Calhoun LNG, LP. The motion was seconded by Board Member Tony Holladay and the motion carried unanimously.

Agenda Item No. 14: Review and Consideration of Approval of a Resolution Between the Calhoun Port Authority and Calhoun LNG, LP Regarding Accreted Land from the Initial Construction of the Project.

The Board Members reviewed a Resolution regarding accreted land between the Calhoun Port Authority and Calhoun LNG LP. Any land accreted from the initial project construction, the Port will agree to credit Calhoun LNG one half of the net land rental revenue to offset costs of the project. Pursuant to further review and discussion, a motion as made by Board Member Roger G. Martinez to approve the

resolution regarding accreted land. The motion was seconded by Board Member Tony Holladay and the motion carried unanimously.

Agenda Item No. 15: Review and Consideration of Approval of a Reimbursement Agreement between Calhoun Port Authority and Calhoun LNG, LP, For Reimbursement of Legal Fees.

The Board Members reviewed a copy of an agreement regarding legal fees expensed for the Calhoun LNG Project. Under this agreement Calhoun LNG agreed to deposit \$50,000 into a bank account for use by the port authority to pay legal fees incurred and when the account balance fell below \$10,000, Calhoun LNG would deposit more funds. Pursuant to further review and discussion, a motion was made by Board Member Tony Holladay to approve the Reimbursement Agreement between the Calhoun Port Authority and Calhoun LNG, LP. for the reimbursement of legal fees. The motion was seconded by Board Member Dell R. Weathersby and the motion carried unanimously.

Agenda Item No. 16: Consideration and Adoption of a Resolution Taking Affirmative Official Action Towards the Issuance of Bonds for the Dry Bulk Dock Expansion Improvements, Authorizing an Agreement with Formosa Plastics Corporation, Texas regarding such Project and Declaring an Official Intent to Reimburse Expenditures.

The Members of the Board reviewed the proposed Resolution Taking Affirmative Official Action Towards the Issuance of Bonds for the Dry Bulk Dock Expansion Improvements authorizing and Agreement with Formosa Plastics Corporation, Texas regarding such Project and Declaring an Official Intent to Reimburse Expenditures. Pursuant to further review and discussion, a motion was made by Board Member Tony Holladay to approve the Adoption of the Resolution. The motion was seconded by Board Member Dell R. Weathersby and the motion carried unanimously.

Agenda Item No. 17: CLOSED SESSION: As Authorized by Tex. Gov't Code 551.074 for the purposes of deliberating the appointment, employment, compensation, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee specifically the hiring of a Port Director.

As Authorized by Tex. Govt Code 551.072 for the purpose of discussion with respect to the purchase, exchange, lease or value of real property regarding (1) Joslin Tract 1 Nu Coastal (2) Joslin Tract 2 Formosa Plastics Corporation (3) Matagorda Ship Channel Improvement Project.

Board Chair Randy L. Boyd announced that "As Authorized by Tex. Gov't Code 551.074 for the purposes of deliberating the appointment, employment, compensation, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee specifically the hiring of a Port Director."

"As Authorized by Tex. Govt Code 551.072 for the purpose of discussion with respect to the purchase, exchange, lease or value of real property regarding (1) Joslin Tract 1 Nu Coastal

(2) Joslin Tract 2 Formosa Plastics Corporation (3) Matagorda Ship Channel Improvement Project.”

Further that, “No action or consensus would be taken in closed session” The Board convened in closed session at 9:53 a.m.

Agenda Item No. 18: Return to OPEN SESSION and take any action deemed necessary based upon discussion in closed meeting.

The Board reconvened in Open Session at 10:26 a.m., Board Chair Randy L. Boyd announced that “No action or consensus had been taken in closed session”.

A motion was made by Board Member Tony Holladay to hire Charles R. Hausmann as port director effective immediately, to increase Mr. Hausmann’s salary to \$100,000 per year and to continue paying him a car allowance. Mr. Hausmann was also in charge of hiring a Deputy Port Director. The motion was seconded by Board Secretary H. C. Wehmeyer, Jr. and the motion carried unanimously.

The Board recessed the open session at 10:27 a.m. and returned into CLOSED SESSION.

Agenda Item No. 18: Return to OPEN SESSION and take any action deemed necessary based upon discussion in closed meeting.

The Board reconvened in Open Session at 11:31 a.m., Board Chair Randy L. Boyd announced that “No action or consensus had been taken in closed session”.

A motion was made by Board Secretary H. C. Wehmeyer, Jr. to approve the Resolution giving Excalibur one (1) year option to lease 25 acres of the Bean Tract property contingent upon a \$25,000 non refundable option and agreement of the City of Point Comfort. This Resolution was to be executed on or before April 13, 2008. The Resolution shall confirm terms and conditions for the lease of the property satisfactory to the Parties and the City of Point Comfort. The motion was seconded by Board Member Tony Holladay and the motion carried unanimously.

The Board recessed the open session at 11:31 a.m. and returned into CLOSED SESSION.

Agenda Item No. 18: Return to OPEN SESSION and take any action deemed necessary based upon discussion in closed meeting.

The Board reconvened in Open Session at 12:15 p.m., Board Chair Randy L. Boyd announced that “No action or consensus had been taken in closed session”.

A motion was made by Board Secretary H. C. Wehmeyer, Jr. to approve a Resolution giving Marina Del Ray a one (1) year option to lease 40 acres of the Bay Bottom in Port O'Connor contingent upon a \$25,000 non refundable option agreement. This resolution shall contain terms and conditions for the lease agreeable to the parties. The resolution must be executed within sixty (60) days. The motion was seconded by Board Member Roger G. Martinez and the motion carried unanimously.

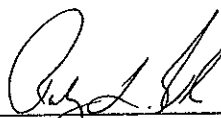
The Board recessed the open session at 12:16 p.m. and returned into CLOSED SESSION.

Agenda Item No. 18: Return to OPEN SESSION and take any action deemed necessary based upon discussion in closed meeting.

The Board reconvened in Open Session at 1:13 p.m., Board Chair Randy L. Boyd announced that "No action or consensus had been taken in closed session".


Agenda Item No. 19: Adjourn.

There being no further business to be brought before the Board, a motion was duly made that the meeting be declared adjourned at approximately 1:14 p.m.



Randy L. Boyd, Board Chair

ATTEST:



H. C. Wehmeyer, Jr., Board Secretary